

STATE OF TENNESSEE
Department of Human Services

TENNESSEE DEPARTMENT OF
HUMAN SERVICES



Helping shape Tennessee lives.

**CHILD CARE CERTIFICATE
PROGRAM**
**Policy & Procedures
Manual**

Revised 10/05

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CHILD CARE CERTIFICATE PROGRAM OVERVIEW

Guiding Principles for the Certificate Program

- Consumer education is critical for parents in selecting quality child care.
- Parental choice is paramount in selecting child care arrangements.
- Health and safety of children in child care is critical.
- Customer convenience is important for working parents.
- Automated data and payment systems are important for timely payments.
- Seamless transitions in funding transfers are important for working parents.
- Compliance with federal and state laws and regulations is critical.
- Program accountability, quality casework, and error free payments are critical.

Child Care Sub-programs

Families may be eligible for child care assistance through one of the following programs:

- Families First Child Care (FF)
- Transitional Child Care (TCC)
- At-Risk Child Care:
 - For TCC Expirations (ACC)
 - For Families First Child-Only Caretakers (ARCO)
- Low-Income Child Care
- Department of Children's Services Child Care (approval by DCS only)
 - Protective Services (SNC: Non-Custody)
 - Foster Care (SSC: State Custody)

Certificate Agencies

12 agencies (8 multi-county contractors and 4 DHS county offices) administer the Certificate Program. These agencies provide parent education, complete eligibility requirements, and issue certificates, which represent eligibility for services with a specific child care provider.

Eligible Providers

Parental choice is a hallmark of the Certificate Program. Parents have the option to enroll children in 3 different types of participating regulated providers – centers, family day homes, and group day homes – or with unregulated providers (typically close friends or relatives) that meet program requirements and complete a review by local Certificate Program staff.

Provider Payments

Child care providers complete an EAV, or Enrollment Attendance Verification form, on either a semi-monthly, biweekly, or monthly basis. This attendance form is delivered to DHS fiscal services either via the Internet or mail, where it is used in conjunction with provider and client eligibility data to determine the amount the provider is to be paid for that period. After processing by DHS fiscal

services, the Department of Finance and Administration makes payment to the provider either by check or direct deposit.

Customer Service Standards

The Child Care Certificate Program staff must strive to provide customer service that meets or exceeds the following standards:

- Treat all customers with dignity, courtesy and respect.
- Greet all customers with a positive and professional attitude.
- Maintain a professional work environment.
- Respond to phone calls by the end of the next business day.
- Remain positive and professional when responding to challenging phone calls or visits.
- Provide appointments convenient to customer's work schedule.
- Apprise customers waiting to be seen of the status of their appointment if not seen within one hour of arrival.
- Offer fair and objective services regardless of race, color, national origin, sex, religion, age and disability.

SECTION I – ELIGIBILITY

ELIGIBLE CHILDREN

To be eligible for the Child Care Certificate Program, a child must be:

- under age 13; or,
 - over age 13 if the child is:
 - ✓ under court supervision - defined as supervision under a written court order, as in county or state juvenile probation or parole. Typically used for before and/or after school supervision for unruly or delinquent children; or
 - ✓ physically or mentally incapable of self-care.
(These children become ineligible effective the date of their 18th birthday, or the date of their high school graduation if this date is before they turn 19, whichever is later).
- and**
- be related to, or in the “care and control” of, the eligible caretaker as defined in the policy for “**Determining Household Size.**”

CITIZENSHIP & ELIGIBLE ALIEN STATUS

- All applicants for child care assistance must be a U.S. citizen, U.S. national, or a resident alien lawfully admitted to the United States and meet Family Assistance eligibility requirements in order to receive child care assistance.
- Illegal and ineligible aliens are not eligible for the child care assistance program. **EXCEPTION:** The child of an ineligible or illegal alien *may* be eligible for child care approved by the Department of Children's Services in child protective services situations.
- Applicants for all programs except Low-Income and At-Risk Child-Only (ARCO) child care are to be considered already verified for citizenship or eligible alien status by the state for child care purposes and will need no further verification by the Certificate Program agency. See below for citizenship/alien status verification procedures for applicants for Low-Income or ARCO child care.

Low-Income Child Care Program - Verification of Citizenship/Alien Status

- When a Low-Income or ARCO applicant's statement on citizenship or status is questionable or inconsistent with other information on the application, the Certificate Program will ask the applicant to provide acceptable verification of citizenship/alien status. It is the responsibility of the applicant to secure and present valid documentation. Acceptable forms of verification:
 - ✓ Birth certificate.
 - ✓ INS certificate of citizenship or naturalization (U.S. nationals).
 - ✓ Valid Voters Registration Card from the county of residence for the applicant. Cards from out of county or state are not acceptable.
 - ✓ U.S. passport.
 - ✓ Religious records.
- The following are not considered acceptable forms of verification for eligible alien status:
 - ✓ Social Security card.
 - ✓ Drivers license of any state.
 - ✓ Bank, credit or check cashing cards.
- If the Certificate Program has a suspicion that the documentation may be invalid or falsified, additional documentation should be requested. Incorrect reporting of citizenship or status will result in loss of child care eligibility even if otherwise eligible.
- If the applicant acknowledges that she is an alien, then the Certificate Program must verify if that individual is an "eligible alien" able to receive federal benefits. Certificate Programs will use the DHS Families First policy on alien status as their guide. Because not all alien status categories are eligible categories and because the various alien status categories are complex, Certificate Program agencies may request assistance from their local DHS office in verifying alien status on those few individuals who claim to be citizens or eligible aliens, but have not provided acceptable

documentation. If local assistance is not available, Certificate Programs may then call upon the Families First state office staff.

PARTICIPANT IDENTIFICATION

All participants and countable family members in the Child Care Certificate Program are required to have a unique identifier assigned for them in the data system for enumeration purposes. Participants are not required to submit and use their Social Security number (SSN) at application or upon referral for FF, TCC, At-Risk, or Low-Income child care assistance as their unique identifier.

The local Certificate Program will request - but will not require - a Social Security number from the participant and the countable family household participants. The Certificate Program will inform the parent that:

- Providing a SSN is voluntary, and
- Submitting a SSN is not an eligibility requirement or pre-condition to receive child care assistance.

Note: Families First participants are required under TANF regulations to provide SSN's to the Family Assistance caseworker in order to receive Families First benefits. The FF participant's SSN follows the FF participant through the ACCENT-TCCMS electronic referral and becomes part of the child care case record. This number will remain with the individual if they transition to TCC and the At-Risk Program for TCC Expirations.

Applicants for programs in which eligibility does not originate with Family Assistance may voluntarily submit SSN's for household members. If the participant does not wish to disclose SSN's for any of the household members, then those individuals will receive a unique identifier assigned by TCCMS. Participants who choose not to use their SSN as the unique identifier and receive an assigned identifier are not required to know or retain those numbers in order to conduct regular business with the Certificate Program.

(Authority: U.S. Department of Health & Human Services bulletin ACYR-PI-CC-00-04, October 27, 2000; Privacy Act of 1974)

CHILD IMMUNIZATIONS

(See CCDF Federal Regulations at Section 98.41.)

Immunization Requirements

- Parent education will include information regarding:
 - ✓ the importance of childhood immunization for children,
 - ✓ how to access immunization programs in their community, and
 - ✓ the state requirement of current immunizations for participation in all types of child care in Tennessee, including unregulated care.
- **Immunization Verification of Children In Regulated Care:** The Certificate Program is not required to collect immunization documentation for children enrolled in regulated care since state licensing standards require all licensed providers to document child immunizations.
- **Immunization Verification of Children In Unregulated Care:** The immunization record or doctor's statement for pre-school children placed in unregulated care must be on file with the local Certificate Program within 30 days of placement. If not, then the placement will be terminated following ten (10) days advance notice. Failure to have current immunizations will be grounds to deny a parent the continued use of unregulated care until such time as the immunizations are brought up to date. It will be assumed that children who are enrolled in school meet immunization requirements or have been granted good cause by the school system.

Note: No exception will be made for FF, TCC, and At-Risk participants because the Families First grant may have been reduced due to failure to cooperate with immunization requirements.
- **Children will be exempted from the immunization requirement if:**
 - ✓ the child's physician or the Department of Health provides a signed and dated statement giving a medical reason why the child should not be given a specified immunization; or
 - ✓ the child's caretaker/parent makes a clear statement that such immunizations conflict with their religious tenets and practices. If the participant claims that the child should not be immunized for religious reasons, document the participant's statement regarding this situation and continue/approve benefits without sanction.

FAMILIES FIRST CHILD CARE

The Certificate Program provides child care assistance to eligible Families First participants who are authorized to receive this support service to assist in completing their approved activity on their Personal Responsibility Plan (PRP).

Child Care Disregard Option

- Prior to making a child care referral, the FF caseworker offers the FF participant one of two options in handling the family's child care expenses. Either:
 - ✓ The child care assistance will be paid by DHS through the Child Care Certificate Program; or,
 - ✓ The FF participant may pay her own child care expenses and take a standard budget deduction for the cost of child care from her earnings to make her eligible for cash assistance. The budget "disregard" is set at the following amounts per child:
 - \$200.00 per month for children under two years of age; and
 - \$175.00 per month for children two years of age and older.
- The disregard cannot be given in the same month that a child care subsidy payment is paid by a DHS certificate.
- A disregard is considered taken regardless if all a parent's children were in care or not during the period.
- Any error discovered by the Certificate Program made by the FF caseworker in applying the disregard will be immediately reported by the Certificate Program to the Family Assistance Supervisor 1 (FS1).

Parent Eligibility for Families First (FF) Child Care Assistance

- FF referrals will be issued for a period of 18 months.
 - ✓ In some circumstances referrals with an eligibility start date more than 18 months in the past are sent by the DHS caseworker, and should be accepted.
 - ✓ In some unusual circumstances, a paper referral with a shorter eligibility period may be sent by the DHS caseworker. These dates should be honored.
- The parent will not be required to re-verify their PRP activity component or compliance to the Certificate Program to start care. When the Certificate Program is aware of a discrepancy between the referral start date and the activity's start date, it may overrule the start date given by the FF caseworker.
- The Certificate Program may verify eligibility status using ACCENT.
- Following the servicing of a referral, the Certificate Program may forward any question raised about the referral, parent eligibility or compliance to the FF caseworker.
- The Certificate Program will determine the amount of child care needed and may increase or reduce the parent's schedule type and unit of care without prior authorization from the FF caseworker (**EXCEPTION:** for Extended Time - ET child care reimbursements).

- In two-parent Families First households, if both parents do not have a work requirement, the second parent will be screened by the child care specialist to see if that person is “available, capable and appropriate” to provide the child care in the home. If the answer is “no” to any of these questions, then the specialist should issue a FF certificate. If the answer is “yes”, the specialist should inform the DHS caseworker to reconsider the FF referral.
- The following parents/caretakers may receive child care assistance while they are otherwise exempted from work requirements when they **volunteer** for work activities:
 - ✓ A single parent with a child under the age of 1 year;
 - ✓ A two-parent household with a child less than 16 weeks old;
 - ✓ A parent/caretaker in the cash grant who is age 60 or over.
 Volunteers must participate in the number of activity hours they would be assigned if they were not exempt in order to receive child care assistance.

Two Week FF Compliance Periods

Typically, FF child care assistance will not be approved by the FF caseworker prior to the date of eligibility for Families First. The two-week compliance period is the exception to this rule.

- An individual may be approved for Families First child care prior to an approval date if they are participating in an activity during the two-week compliance period prior to approval under the Families First sanction policy.
- TCC parents who reapply for FF cash assistance and are starting a two-week compliance period will be transferred to FF child care.
- TCC parent co-pay fees stop during the two-week period. Close coordination is required between the Certificate Program, the parent, and the provider to avoid a retro-payment to the parent for any overpaid co-pay fees possibly made during the two-week period.

Timelines for FF Child Care Arrangement

- The FF participant’s child care arrangement should be completed within seven (7) work days on those FF referrals with a future date greater than seven days.
- The Certificate Program will make an initial contact with parents who do not immediately walk-in.
- Contact may be by either a phone call or by a contact letter mailed within three (3) work days after receiving the FF referral.

Families First Exemption Due to Lack of Child Care

- FF recipients can be temporarily exempted from the work requirement for good cause if the parent can demonstrate an inability to locate child care due to:
 - ✓ the unavailability of appropriate child care within a reasonable distance from the individual’s home or work site;
 - ✓ the unavailability or suitability of informal care by a relative or under other arrangements;

- ✓ the unavailability of affordable formal child care.
- The exemption from work participation is determined by the FF caseworker.
- The parent's time counter towards lifetime limits will be interrupted during a period of exemption.
- The Certificate Program will exhaust all options in the effort to locate child care for the parent in order to avoid having the parent's time count interrupted.
- If child care cannot be arranged within two (2) calendar weeks of the date of the FF participant's referral, the Certificate Program will notify the FF caseworker to verify that care is unavailable.

The local Certificate Program will continue its assistance efforts until child care can be arranged.

Notice of Changes in the Case

Certificate Programs will report any change they discover that may affect eligibility or the need to continue child care to the FF caseworker within five (5) business days of the discovery.

Terminating Eligibility or Services for FF Child Care

- The FF caseworker authorizes the Certificate Program to terminate a parent/caretaker's eligibility or child enrollment.
- The Certificate Program will issue an advance ten (10) calendar day notice to the parent even when the effective date set by the FF caseworker is less than ten days, unless the individual situation for an immediate closure is apparent to the Certificate Program.

Special Provider Payment Procedures for FF

A retroactive cash payment may be authorized when it is verified that child care costs were paid by the parent/caretaker during a period of FF child care eligibility and no direct payment was made to the provider by the Department during that time.

- The retroactive payment cannot exceed the state maximum rate for the type of child care provided.
- The parent/caretaker will be referred to the Certificate Program to request the reimbursement.
- The parent must have been in full compliance with the Personal Responsibility Plan during the period for which reimbursement is being requested.

Providers Not Eligible to Receive Certificate Payment

The following individuals are not eligible to be a certificate provider or receive provider payments for a FF child:

- A parent/caretaker, alleged parent, step-parent, or legal guardian, or,
- Any member of the FF cash assistance group residing in the home.

TRANSITIONAL CHILD CARE (TCC)

Transitional Child Care, or TCC (also referred to as Transitional Families First, or TFF) is available for qualifying families for 18 months following the closure of Families First cash assistance. Eligibility is redetermined by the local Certificate Program every 6 months.

TCC Eligibility

The FF caseworker determines parent/caretaker's eligibility for TCC.

- **Start Date:** TCC eligibility for child care begins the first day of the month after the Families First case is closed. The FF caseworker determines the effective start and end dates for the TCC eligibility period.
- **Balance of TCC Period:** TCC assistance may not be needed at the time the FF cash case closes. If it is needed later in the 18-month period, the TCC assistance will begin when the need starts and may be provided for the remainder of the original 18-month period.
- **New 18-Month Periods:** A Families First cash assistance group is eligible to start a new 18-month period of TCC each time the FF cash assistance group closes. For example, a participant has used six months of her TCC. She reapplies for Families First and is approved. At a later date, the FF cash assistance is closed again. The participant is eligible to start a new 18-month period of TCC.
- **Exceptions to TCC Eligibility:** TCC eligibility will not be granted upon leaving FF cash assistance when the assistance group is closed for a failure to cooperate with child support enforcement as determined by the FF caseworker. If a parent fails to cooperate with child support as determined by the FF caseworker during a period of TCC eligibility, the client is ineligible for continued child care assistance. Once sanctioned during a TCC period, TCC eligibility can only be restored by returning to Families First cash assistance even though the parent may again be cooperating.

Parent Work Participation Qualification Requirements

For parents who are working only:

- 40 hours of paid work per week, including for those in self-employment, is required. The following exceptions may be granted to the 40 hour work requirement:
 - ✓ Paid work may be 30 to 39 hours per week if the employer considers those hours to be full-time employment. No written statement is required.
 - ✓ Paid work may be 30 to 39 hours per week if the employment is appropriate considering the economic conditions of the area and the participant's skills and capabilities. This decision is at the discretion of the local Certificate Program.
 - ✓ Other situations with State Office approval.

- Work that does not pay the federal minimum wage is allowed, but the “countable” hours per week will be determined by dividing gross weekly income by the federal minimum wage.

For parents who are in Allowable Education or Training Programs:

- 40 hours per week of Education/Training is required. If the client does not meet the 40-hour requirement through allowable education and training, the difference must be made up with work.

Countable Education Hours:

- ✓ Class hours in any public school, Tennessee Board of Regents (TBR) school (including Internet courses), or accredited private institution.
- ✓ Study hours – countable at one hour per class or credit hour.
- ✓ Non-paid work performed in college “work-study” programs.
- ✓ Internship hours.
- ✓ Laboratory hours.
- ✓ Tutoring hours received or provided by the participant.

Non-countable Education Hours:

- ✓ Graduate or post-graduate college studies following a BA or BS degree.
Note: Fifth year courses are allowed when a license or certificate is required to perform that trade, e.g., teachers, registered nurses.

- Work requirements apply even if the eligible parent is disabled or incapacitated for physical or mental health problems and claims she/he cannot meet the work/education requirement but could work fewer hours.

Special Employment Policies

• **Part Year Employees**

- ✓ Employees who are paid on a 12-month basis, but only actually work for ten months of the year, must have a full-time activity during their “off” months to continue receiving child care assistance during those off months. This policy also applies to those who work ten months and are paid on a ten-month basis (school systems and Head Start programs, for example).
- ✓ If the participant elects not to take part in full-time activities during the off months, they may re-start child care assistance later as long as all eligibility factors are re-established and funding remains available.

• **Self-employment**

- ✓ Self-employed individuals who claim either non-farm or farm self-employment must be able to demonstrate at least the equivalent of 40 or more hours of employment per week.
- ✓ To determine how many hours a self-employed individual is working for TCC purposes, divide weekly income by the federal minimum wage (\$5.15/hr).

• **AmeriCorps and VISTA**

- ✓ Participants in these programs are considered “full-time” by their program and do not have to meet the full 40-hour work requirement to receive needed child care assistance.

- **School Age Teen Parents**

- ✓ School age, non-emancipated teen parents residing at home or in a supervised residence must be in school or GED preparation classes during the school year and maintain satisfactory grades and attendance.
- ✓ These teen parents' school attendance fulfills their work hours requirement.
- ✓ Teen parents must be in a summer program to receive child care during the summer months. Teen parents may work, attend full-time summer school, or volunteer to participate in state, county or faith-based funded self-improvement/training programs during the summer months and continue to receive child care assistance. Programs that meet three or more days per week will qualify for full-time child care.

Special Household Situations

- **Joint Custody**

- ✓ The Department will only provide child care assistance for those weeks the eligible parent has physical possession of the child. The other parent assumes full responsibility for the weeks he/she has possession of the child. The Certificate Program should clearly explain to the provider the procedures for correctly filling out the EAV in these situations (days that the child is with the non-eligible parent should be left blank).

- **Additional Household Members and TCC work requirements**

- ✓ Work requirements apply to the eligible parent or caretaker and the spouse, second parent, or father of the child residing in the home. They do not apply to other adult figures residing in the home.

Parent Co-pay Fees

- Each family receiving TCC assistance is required to pay a portion of their child care costs.
- The weekly fee amount is based on a sliding income scale and adjusted according to the size of the family household. (See policies on **"Determining Family Household Size" and "Income Eligibility Determination"**)
- Providers **must** collect co-pay fees on parents for whom a fee has been assigned.
- A parent whose co-pay fees go unpaid for more than 2 weeks will be terminated from TCC when reported timely (within 2 weeks) by the provider.
- Once terminated for failure to pay the co-pay fees, a TCC parent cannot return to TCC qualification without proof of payment or a repayment plan acceptable to the provider.
- A TCC parent who returns to FF eligibility and then later again becomes TCC eligible will not qualify without proof of payment or a repayment plan acceptable to the original provider to whom they were delinquent.

Termination of Qualification for TCC

- **Reasons for Termination:** The local Certificate Program may terminate a parent's eligibility and child's enrollment without DHS caseworker authorization when the following situations exist:
 - ✓ when the gross monthly income for the family/household exceeds the income standard for that family size;
 - ✓ when the parent/caretaker no longer meets work/education requirements and exceeds any of the approved work requirement exceptions or interruption periods;
 - ✓ failure to pay parent co-pay fees or make a repayment plan;
 - ✓ failure to cooperate with 6-month redetermination requirements.
- **Parent Qualification Termination Notices:** The local Certificate Program will issue the TCCMS 10 calendar day advance termination notice in person to those parents who interview. Termination notices will be issued the work day following the redetermination due date and mailed to those parents who fail to show.
- **Provider Arrangement Termination Report.** Certificate Programs will give the child care provider the TCCMS arrangement termination report of newly terminated child enrollments within 3 business days.

Termination of TCC Eligibility

- The FF caseworker will terminate a parent/caretaker's TCC eligibility before the end of the 18-month period if the parent/caretaker fails to cooperate with child support requirements. Request for closure will be received through ACCENT/TCCMS interface.
- The Certificate Program will terminate Transitional Child Care when:
 - ✓ the 18-month TCC period ends; and
 - ✓ the only child receiving care in the assistance group leaves the home or ages out.As funding permits, parents whose TCC period ends and remain qualified may be served in the At-Risk program for TCC Expirations (ACC).

Special Provider Payment Procedures for TCC

A retroactive cash payment may be authorized to a parent or caretaker who verifies she/he paid child care costs during a period of TCC child care eligibility and no direct payment was made to the provider by the Department during that time.

- The retroactive payment cannot exceed the state maximum rate for the type of child care provided.
- The parent/caretaker will be referred to the Certificate Program to request the reimbursement.
- The parent must provide proof that they met work/education requirements during the period for which they wish to be reimbursed.

Providers Not Eligible to Receive Certificate Payment

The following individuals are not eligible to be a certificate provider or receive provider payments for a TCC child:

- A parent/caretaker, alleged parent, step-parent, or legal guardian, or,
- Any member of what was the FF cash assistance group residing in the home.

AT-RISK CHILD CARE FOR TCC EXPIRATIONS (ACC)

This At-Risk program serves individuals who have exhausted their 18 months of Transitional Child Care but who continue to need assistance in order to avert a return to Families First. Families are eligible for ACC for 1 year, with 6 month redeterminations.

- **Eligibility Start Date:** ACC eligibility for child care begins the first day following the expiration of the 18-month TCC eligibility period.
- ACC may be approved for qualified clients in any of the 12 months following the expiration of the 18-month TCC period.

Parent Work Participation Qualification Requirements for ACC **(Same as TCC)**

For parents who are working only:

- 40 hours of paid work per week, including those in self-employment, is required. The following exceptions may be granted to the 40-hour work requirement:
 - ✓ Paid work may be 30 to 39 hours per week if the employer considers those hours to be full-time employment. No written statement is required.
 - ✓ Paid work may be 30 to 39 hours per week if the employment is appropriate considering the economic conditions of the area and the participant's skills and capabilities.
 - ✓ Other situations with State Office approval.
- Work that does not pay the federal minimum wage is allowed, but the "countable" hours per week will be determined by dividing gross weekly income by the federal minimum wage.

For parents who are in Allowable Education or Training Programs:

- 40 hours per week of Education/Training is required. If the client does not meet the 40-hour requirement through allowable education and training, the difference must be made up with work.

Countable Education Hours:

- ✓ Class hours in any public school, Tennessee Board of Regents (TBR) school (including Internet courses), or accredited private institution.
- ✓ Study hours – countable at one hour per class or credit hour.
- ✓ Non-paid work performed in college "work-study" programs Internship hours.
- ✓ Laboratory hours.
- ✓ Tutoring hours received or provided by the participant.

Non-countable Education Hours:

- ✓ Graduate or post-graduate college studies following a BA or BS degree.
Note: Fifth year courses are allowed when a license or certificate is required to perform that trade, e.g., teachers, registered nurses.

- Work requirements apply even if the parent is disabled or incapacitated for physical or mental health problems and claims she/he cannot meet the 40-hour work requirement but could work fewer hours.

Special Employment Policies

- **Part Year Employees**
 - ✓ Employees who are paid on a 12-month basis, but only actually work for ten months of the year, must have a full-time activity during their “off” months to continue receiving child care assistance during those off months. This policy also applies to those who work ten months and are paid on a ten-month basis (such as school systems, Head Start programs).
 - ✓ If the participant elects not to take part in full-time activities during the off months, they may re-start child care assistance later as long as all eligibility factors are re-established and funding remains available.
- **Self-employment**
 - ✓ Self-employed individuals who claim either non-farm or farm self-employment must be able to demonstrate at least the equivalent of 40 or more hours of employment per week.
 - ✓ To determine how many hours a self-employed individual is working for TCC purposes, divide weekly income by the federal minimum wage (\$5.15/hr).
- **AmeriCorps and VISTA**
 - ✓ Participants in these programs are considered “full-time” by their program and do not have to meet the full 40-hour work requirement to receive needed child care assistance.
- **School Age Teen Parents**
 - ✓ School age, non-emancipated teen parents residing at home or in a supervised residence must be in school or GED preparation classes during the school year and maintain satisfactory grades and attendance.
 - ✓ These teen parents’ school attendance fulfills their work hours requirement.
 - ✓ Teen parents must be in a summer program to receive child care during the summer months. Teen parents may work, attend full-time summer school, or volunteer to participate in state, county or faith-based funded self-improvement/training programs during the summer months and continue to receive child care assistance. Programs that meet three or more days per week will qualify for full-time child care.

Special Household Situations

- **Joint Custody**
 - ✓ The Department will only provide child care assistance for those weeks the eligible parent has physical possession of the child. The other parent assumes full responsibility for the weeks he/she has possession of the child.
- **Additional Household Members and ACC work requirements**

- ✓ Work requirements apply to the eligible parent or caretaker and the spouse, second parent, or father of the child residing in the home. They do not apply to other adult figures residing in the home.

Parent Co-pay Fees

- Each family receiving ACC assistance is required to pay a portion of their child care costs.
- The weekly fee amount is based on a sliding income scale and adjusted according to the size of the family household. (See policies on “**Determining Family Household Size,**” and “**Income Eligibility Determination**”)
- Providers **must** collect co-pay fees on parents for whom a fee has been assigned.
- A parent whose co-pay fees go unpaid for more than 2 weeks will be terminated from ACC if reported timely (within 2 weeks) by the provider.
- Once terminated for failure to pay the co-pay fees, an ACC parent cannot return to ACC qualification without proof of payment or a repayment plan acceptable to the provider.
- An ACC parent who returns to FF eligibility and then becomes TCC eligible will not qualify for TCC without proof of payment or a repayment plan acceptable to the original provider to whom they were delinquent.

Termination of ACC

- **Reasons for Termination:** ACC eligibility and child enrollments will be terminated:
 - ✓ when the gross monthly income for the family/household exceeds the income standard for that family size;
 - ✓ when the parent/caretaker no longer meets work/education requirements and exceeds any of the approved work requirement exceptions or interruption periods;
 - ✓ due to failure to pay parent co-pay fees or make a repayment plan;
 - ✓ failure to cooperate with 6-month redetermination requirements;
 - ✓ when 12-month ACC period ends;
 - ✓ when the only child receiving care in the assistance group leaves the home or ages out.
- **Parent Termination Notices:** The local certificate program will issue the TCCMS ten (10) calendar day advance termination notice in person to those parents who interview. Termination notices will be issued the work day following the redetermination due date and mailed to those parents who fail to show.
- **Provider Arrangement Termination Report.** Certificate programs will give the child care provider the TCCMS arrangement termination report of newly terminated child enrollments within 3 business days.

AT-RISK CHILD CARE FOR CHILD-ONLY CARETAKERS (ARCO)

This At-Risk program serves caretakers in Families First child-only cases who are working and/or in school. Child-only caretakers are typically grandparents, aunts, or uncles that have care and control of a relative child.

- **Eligibility Start Date:** ARCO eligibility begins the date of the caretaker's interview with the Child Care Specialist.
- Certificate agencies will verify an applicant is a child-only caretaker in one of two ways:
 - ✓ ACCENT screens; or
 - ✓ email/telephone contact with a DHS representative.The method of verification must be documented in the case history.
- Qualified applicants will be eligible for ARCO for twelve months only.
 - ✓ Certificates will be issued for six months and the case will be reviewed for continued assistance at that point.
 - ✓ If approval is made on or after the 15th of the month, that month does not count toward the 12-month limit. If approval is made before the 15th of the month, the month does count toward the 12-month limit.
- Child-only caretakers who are an eligible adult in another Families First assistance group will not be eligible for child care under the ARCO program. They would receive their child care through Families First if they meet the requirements for assistance under that program.

Parent Work Participation Qualification Requirements for ARCO

For caretakers who are working only:

- 40 hours of paid work per week, including those in self-employment, is required. The following exceptions may be granted to the 40-hour work requirement:
 - ✓ Paid work may be 30 to 39 hours per week if the employer considers those hours to be full-time employment. No written statement is required.
 - ✓ Paid work may be 30 to 39 hours per week if the employment is appropriate considering the economic conditions of the area and the participant's skills and capabilities.
 - ✓ Other situations with State Office approval.
- Work that does not pay the federal minimum wage is allowed, but the "countable" hours per week will be determined by dividing gross weekly income by the federal minimum wage.

For caretakers who are in Allowable Education or Training Programs:

- 40 hours per week of Education/Training is required. If the client does not meet the 40-hour requirement through allowable education and training, the difference must be made up with work.

Countable Education Hours:

- ✓ Class hours in any public school, Tennessee Board of Regents (TBR) school (including Internet courses), or accredited private institution.
- ✓ Study hours – countable at one hour per class or credit hour.
- ✓ Paid or non-paid work performed in college “work-study” programs.
- ✓ Internship hours.
- ✓ Laboratory hours.
- ✓ Tutoring hours received or provided by the participant.

Non-countable Education Hours:

- ✓ Graduate or post-graduate college studies following a BA or BS degree.
Note: Fifth year courses are allowed when a license or certificate is required to perform that trade, e.g., teachers, registered nurses.

- Work requirements apply even if the parent is disabled or incapacitated for physical or mental health problems and claims she/he cannot meet the 40-hour work requirement but could work fewer hours.

Special Employment Policies**• Part Year Employees**

- ✓ Employees who are paid on a 12-month basis, but only actually work for ten months of the year, must have a full-time activity during their “off” months to continue receiving child care assistance during those off months. This policy also applies to those who work ten months and are paid on a ten-month basis (such as school systems, Head Start programs).
- ✓ If the participant elects not to take part in full-time activities during the off months, they may restart child care assistance later as long as all eligibility factors are re-established and funding remains available.

• Self-employment

- ✓ Self-employed individuals who claim either non-farm or farm self-employment must be able to demonstrate at least the equivalent of 40 or more hours of employment per week.
- ✓ To determine how many hours a self-employed individual is working divide weekly income by the federal minimum wage (\$5.15/hr).

• AmeriCorps and VISTA

- ✓ Participants in these programs are considered “full-time” by their program and do not have to meet the full 40-hour work requirement to receive needed child care assistance.

Special Household Situations**• Joint Custody**

- ✓ The Department will only provide child care assistance for those weeks the eligible parent has physical possession of the child. The other parent assumes full responsibility for the weeks he/she has possession of the child. The Certificate Program should clearly explain to the provider the

procedures for correctly filling out the EAV in these situations (days that the child is with the non-eligible parent should be left blank).

- **Additional Household Members and ACC work requirements**
 - ✓ Work requirements apply to the eligible parent or caretaker and the spouse, second parent, or father of the child residing in the home. They do not apply to other adult figures residing in the home.

Parent Co-pay Fees

- Each family receiving ARCO assistance is required to pay a portion of their child care costs.
- The weekly fee amount is based on a sliding income scale and adjusted according to the size of the family household. (See policies on “**Determining Family Household Size**” and “**Income Eligibility Determination**”)
- Providers **must** collect co-pay fees on parents for whom a fee has been assigned.
- A parent whose co-pay fees go unpaid for more than 2 weeks will be terminated from ARCO if reported timely (within 2 weeks) by the provider.
- Once terminated for failure to pay the co-pay fees, an ARCO parent cannot return to the program without proof of payment or a repayment plan acceptable to the provider.

Special ARCO situations

- Some child-only caretakers are parents, or non-parents, on SSI. In the very unlikely event that one of these individuals is meeting the qualifications for the ARCO program, they may be approved.
- There may be “child only” FF cash assistance cases where the mother is an illegal alien, but where one or more of her children may be U.S. citizens or legal aliens. These children are not eligible for child care assistance.
- In some instances, a parent may be an eligible adult in a child-only case. For example, a grandmother may be receiving a child-only grant for a grandchild when the child’s mother returns to the home. If the grandmother retains care and control of the child, the mother still must be included in the case and is subject to work requirements. In this situation, the need for child care is based on the grandmother’s work status, and ARCO would be the appropriate program if she qualifies. If the grandmother is not meeting the work/school qualifications, there is no need for child care, even if the mother is compliant with her work activity. Note that if the mother is exempt or interrupted from her work activity, ARCO would not be approved because the mother would be available to provide care for her child, unless verification is provided that she is unable to do so.

Termination of Qualification for ARCO

- **Reasons for Termination:** The parent/caretaker will no longer be eligible when:

- ✓ The Families First child-only grant stops for any reason (including failure to cooperate with child support requirements)
 - ✓ The gross monthly income for the family/household exceeds the income standard for that family size;
 - ✓ The parent/caretaker no longer meets work/education requirements and exceeds any of the approved work requirement exceptions or interruption periods;
 - ✓ The parent fails to pay parent co-pay fees or make a repayment plan;
 - ✓ The parent fails to report for redetermination;
 - ✓ The only child receiving care in the assistance group leaves the home or ages out.
 - ✓ The 12-month ARCO period ends.
- **Parent Qualification Termination Notices:** The local Certificate Program will issue the TCCMS ten (10) calendar day advance termination notice in person to those parents who interview. Termination notices will be issued the work day following the redetermination due date and mailed to those parents who fail to show.
 - **Provider Arrangement Termination Report:** Local Certificate Programs will give the child care provider the TCCMS arrangement termination report of newly terminated child enrollments within 3 business days.

LOW-INCOME CHILD CARE ASSISTANCE

As funding permits, child care assistance may be provided to low-income families that have no connection to the Families First program. This assistance is known as Low-Income Child Care. Eligibility is redetermined every 6 months.

Approvals for new Low-Income slots were discontinued in 2002. New additions to the waiting list for Low-Income assistance were stopped in July 2004.

Previously approved cases remain authorized under the following eligibilities, which collectively make up the Low-Income program:

- CCDF-WP: For working parents (with some education in some cases);
- CCDF-ET: For parents involved primarily in education and training (with some work);
- CCDF-TP: For teen parents while attending school;
- CCDF-DD: For children with diagnosed disabilities who are over age 13.

Parent Work Participation Qualification Requirements

For parents who are *working only*:

- 40 hours of paid work per week, including those in self-employment, is required. The following exceptions may be granted to the 40-hour work requirement:
 - ✓ Paid work may be 30 to 39 hours per week if the employer considers those hours to be full-time employment. No written statement is required.
 - ✓ Paid work may be 30 to 39 hours per week if the employment is appropriate considering the economic conditions of the area and the participant's skills and capabilities.
 - ✓ Other situations with State Office approval.
- Work that does not pay the federal minimum wage is allowed, but the "countable" hours per week will be determined by dividing gross weekly income by the federal minimum wage.

For parents who are in *Allowable Education or Training Programs*:

- 40 hours per week of Education/Training is required. If the client does not meet the 40-hour requirement through allowable education and training, the difference must be made up with work.

Countable Education Hours:

- ✓ Class hours in any public school, Tennessee Board of Regents (TBR) school (including Internet courses), or accredited private institution.
- ✓ Study hours – countable at one hour per class or credit hour.
- ✓ Paid or non-paid work performed in college "work-study" programs.
- ✓ Internship hours.
- ✓ Laboratory hours.
- ✓ Tutoring hours received or provided by the participant.

Non-countable Education Hours:

- ✓ Graduate or post-graduate college studies following a BA or BS degree.

Note: Fifth year courses are allowed when a license or certificate is required to perform that trade, e.g., teachers, registered nurses.

- Work requirements apply even if the parent is disabled or incapacitated for physical or mental health problems and claims she/he cannot meet the 40-hour work requirement but could work fewer hours.

Special Employment Policies

- **Part Year Employees**

- ✓ Employees who are paid on a 12-month basis, but only actually work for ten months of the year, must have a full-time activity during their “off” months to continue receiving child care assistance during those off months. This policy also applies to those who work ten months and are paid on a ten-month basis (such as school systems, Head Start programs).
- ✓ If the participant elects not to take part in full-time activities during the off months, they may restart child care assistance later as long as all eligibility factors are re-established **and funding remains available.**

- **Self-employment**

- ✓ Self-employed individuals who claim either non-farm or farm self-employment must be able to demonstrate at least the equivalent of 40 or more hours of employment per week.
- ✓ To determine how many hours a self-employed individual is working, divide weekly income by the federal minimum wage (\$5.15/hr).

- **AmeriCorps and VISTA**

- ✓ Participants in these programs are considered “full-time” by their program and do not have to meet the full 40-hour work requirement to receive needed child care assistance.

- **School Age Teen Parents**

- ✓ School age, non-emancipated teen parents residing at home or in a supervised residence must be in school or GED preparation classes during the school year and maintain satisfactory grades and attendance.
- ✓ These teen parents’ school attendance fulfills their work hours requirement.
- ✓ Teen parents must be in a summer program to receive child care during the summer months. Teen parents may work, attend full-time summer school, or volunteer to participate in state, county or faith-based funded self-improvement/training programs during the summer months and continue to receive child care assistance. Programs that meet three or more days per week will qualify for full-time child care.

Special Household Situations

- **Joint Custody**

- ✓ The Department will only provide child care assistance for those weeks the eligible parent has physical possession of the child. The other parent

assumes full responsibility for the weeks he/she has possession of the child.

- **Additional Household Members and Low-Income Work Requirements**
 - ✓ Work requirements apply to the eligible parent or caretaker and the spouse, second parent, or father of the child residing in the home. They do not apply to other adult figures residing in the home.

Parent Co-pay Fees

- Each family receiving Low-Income assistance is required to pay a portion of their child care costs.
- The weekly fee amount is based on a sliding income scale and adjusted according to the size of the family household. (See policies on **“Determining Family Household Size”** and **“Income Eligibility Determination”**)
- Providers **must** collect co-pay fees on parents for whom a fee has been assigned.
- A parent whose co-pay fees go unpaid for more than 2 weeks will be terminated from Low-Income Child Care if reported timely (within 2 weeks) by the provider.
- A Low-Income parent who becomes eligible for FF and then later becomes TCC eligible will not qualify without proof of payment or of a repayment plan acceptable to the original provider to whom they were delinquent.

Application Process for Low-Income Assistance

- **Notice of Approval of Application**

A notification of the initial eligibility status and rules of continuing eligibility must be given to each approved applicant with fifteen (15) calendar days of the application date. The certificate form may serve as this notice of eligibility.
- **Notice of Denial of Application**
 - ✓ When an applicant for Low-Income assistance has been found ineligible to receive assistance, a written notice of denial must be provided by the certificate program agency.
 - ✓ A written notice of denial must be given or sent to the parent within fifteen (15) calendar days from the date the application was submitted unless the parent is still in the process of submitting verification information. In those situations, a local letter informing the parent of the denial will be made within fifteen days following the last submission date.

DEPARTMENT OF CHILDREN'S SERVICES CHILD CARE

The Certificate Program provides the certificate and provider payment processes as a service for the Department of Children's Services (DCS). The DCS state office provides the funding amounts and the fund utilization management for these funding sources. County and regional DCS program staff provide the child care referrals and provide the local management of regional DCS funds.

DCS Referrals

- DCS will provide the Certificate Program with a referral that determines eligibility for the child.
- The Certificate Program will service all DCS referrals even when child eligibility criteria may not be the same as used by DHS with its FF, TCC, At-Risk, and Low-Income children.
- The DCS case manager will refer the child to the Certificate Program responsible for the county of venue.
- The local Certificate Program will make any out-of-region provider placements and issue the child care certificates for the provider to the DCS case manager.
- All DCS children referred should be placed only with DHS licensed or DOE approved providers enrolled in the Certificate Program. Unregulated care may be used only with DCS State Office approval.
- A provider may also be a DCS foster parent and receive DCS funding for that foster child.

Setting Up a TCCMS case for a State Custody Child (SSC)

DCS will provide the child's SSN and demographic information to the Certificate Program as required for its case management and case tracking within the TCCMS database.

- The case "Parent" will be DCS case manager.
- The local DCS administrative office will be the "Parent" address and home county.
- The "Parent" SSN will be system generated.
- The "Parent" demographics will be randomly chosen.
- No in-person parent interview of the case manager is required in these cases.
- No application or service agreement forms are required for signature.

Setting Up a TCCMS case for a Non-Custody Child (SNC)

When a child continues to reside with its own family within the county of venue, the DCS case manager will provide the child and parent demographic information to the Certificate Program as required for its case management and case tracking within the TCCMS database. The case will be made in the parent's name and address and county.

Handling of DCS Cases

- All DCS cases will be entered into TCCMS at the time of receiving the referral.
- The Certificate Program will notify the DCS case manager when it notices changes in the foster parent's or child's situation that may affect DCS eligibility or DCS case management needs.
- DCS cases will have certificates set for 6 months or as instructed by DCS.
- The Certificate Program will terminate enrollment and eligibility when DCS does not provide a new referral when the previous certificate has expired.
- The Certificate Program will terminate the care arrangement and eligibility when notified by DCS.
- The Certificate Program is not required to issue the 10-day advance notification to the foster parent when terminating care or eligibility under notification by the DCS case manager.
- The Certificate Program will terminate a child's enrollment (not eligibility) when a provider terminates a child on the EAV. The DCS case manager will be immediately notified.

Utilization of Funds and Reporting to DCS

- DHS state office will provide periodic state level fund utilization and child count information as needed by the DCS state office.
- DCS is responsible for monitoring and administration of its own funding sources at the state and local levels.

WORK REQUIREMENT EXEMPTIONS

Parents on the Families First, Transitional, At-Risk, and Low-Income programs may be eligible during certain situations when they are not meeting program work participation requirements.

At Application (for Transitional, At-Risk, and Low-Income Programs)

- Parents applying for TCC, At-Risk, and Low-Income assistance who do not meet work/school requirements may be given a 30-day certificate to reach them. To receive a 30-day certificate, it is not necessary for the parent to have any work/school hours. However, a client may not receive 2 consecutive 30-day certificates – there must be a period of full compliance before the client may be granted another 30 day window to reach the required hours. **EXAMPLE:** A TCC eligible client with no work/school hours is given a 30-day certificate to allow them to reach the required hours need to qualify. After 30 days, the requirements have not been met and the assistance is stopped. The next time they attempt to access TCC, the parent must already be meeting the work/school requirement.

Bridge or Gap Coverage after Initial Approval

- Parents may have up to 30 calendar days of continued eligibility and child care assistance to “bridge” coverage during periods of non-compliance with the program work participation requirements for illness, unemployment, short breaks in class schedules (not for summer months), or while waiting for Families First activity components to start. This bridge period will begin the day after the last day work/school requirements were met.
- This coverage will not be granted in any situation when the parent or program knows at the start that the period will be over 30 days. (See Childbirth, Surgery, and Major Illness for exception below).
- Any extension for continued eligibility or child care assistance for periods over 30 days will require State Office approval for a good cause on a case-by-case basis.

Childbirth, Major Surgery, and Major Illness

- The Certificate Program may allow a parent to continue to receive child care assistance when the following circumstances exist:
 - ✓ For no more than 6 weeks before or 6 weeks after childbirth. This period covers 6 weeks of bed rest prior to birth if ordered by a physician and the 6-week post-delivery period. A client may not receive more than 6 weeks on either side of the date of birth, but may receive the total of 12 weeks if circumstances warrant.
 - ✓ For 6 weeks following major surgery or major illness that prevents a client from meeting work/education requirements, verified by a written doctor’s statement.
- Child care coverage during these childbirth/surgery/illness periods will pay for:
 - ✓ Continued child attendance and,

- ✓ Child absences within the regular attendance and absence policies. This coverage will not be granted in any situation when the parent or program knows at the start that the period will be over 6 weeks.
- If a redetermination of eligibility is scheduled to occur during this extended period, continued eligibility can be “presumed” until the parent returns to an activity. Redetermination in those instances will be conducted within 30 days following the end of the extended period.

INCOME ELIGIBILITY DETERMINATION POLICY

All recipients of TCC, At-Risk, and Low-Income child care assistance must be determined eligible under the established income limits using the gross household income amount. All sources of income available to all mandatory household members will be considered. (See determining **Mandatory Members of the Family Household Unit**). The gross household income from all countable sources will be verified prior to approval or continuation of benefits.

Sources of Monthly Gross Income to be Considered

In establishing eligibility for TCC, At-Risk, and Low Income child care assistance, the following sources of gross family household income must be considered.

- **Gross Wages or Salary**
Wages or salaries include the total before tax or other withholding earnings received from work performed as an employee: wages, salary, Armed Forces pay, military housing allowance, commissions, tips, piece rate payments and cash bonuses earned before deductions are made for taxes, bonds, pensions, union dues and similar purposes. Payments to VISTA Volunteers (including subsistence and re-enrollment allowances) are not considered as income.
- **Net Income from Non-Farm Self-Employment**
Net income includes gross receipts minus business expenses from one's own business, professional enterprise or partnership.
 - ✓ Gross receipts include the value of all goods sold and services rendered.
 - ✓ Expenses include costs of goods purchased, rent, heat, light, power, depreciation charges, wages and salaries paid, business taxes (not personal income taxes) and similar costs.
 - ✓ The value of salable merchandise consumed by the proprietors of retail stores is not included as a part of net income. Certificate Programs will not pick which of the business expenses to count or not count. Federal income tax forms, e.g., personal "1040" and business Form C, are forms of documentation.
- **Net Income from Farm Self-Employment**
Net income includes gross receipts minus operating expenses from the operation of a farm by a person on his own account as an owner, renter or sharecropper.
 - ✓ Gross receipts include the value of all products sold, government crop loans, money received from the rental of farm equipment to others and incidental receipts from the sale of wood, sand, gravel and similar items.
 - ✓ Operating expenses include the cost of feed, fertilizer, seed and other farming supplies, cash wages paid to farmhands, depreciation charges, cash rent, interest on farm mortgages, farm building repairs, farm taxes (not State and Federal income taxes) and similar expenses.

- ✓ The value of fuel, food or other farm products used for family living is not included as a part of the net income. Certificate Programs cannot pick which expenses to count or not count. Federal income tax forms, e.g., personal 1040, and business Form C, are forms of documentation.
- **Social Security**
Social Security income for any household members, including Social Security pensions, survivor's benefits, and permanent disability insurance payments made by the Social Security Administration (prior to deductions for medical insurance and overpayments) as well as railroad retirement insurance checks from the United States Government.
- **Dividends, Interest, Income from Estates or Trusts, from Net Rental Income or Royalties**
Dividends, including dividends from stockholdings or membership in associations; interest on savings or bonds, periodic receipts from estates or trust funds; net income from the rental of a house, store, or property; income from the real property of other people; income from boarders or lodgers; or, the net income from any royalties.
- **Public Assistance or Welfare Payments**
Includes family cash assistance payments such as Families First (FF), Supplemental Security Income (SSI), Refugee Cash Assistance (RCA).
- **Pensions and Annuities**
Includes pensions or retirement benefits paid to a retired mandatory member of the household or his/her survivors by a former employer or by a union either directly or through an insurance company; periodic receipts for annuities or insurance.
- **Unemployment Compensation**
Compensation received from government unemployment insurance agencies or private companies during periods of unemployment and strike benefits received from union funds.
- **Worker's Compensation**
Compensation received periodically from private or public insurance companies for injuries incurred at work. The cost of this insurance must have been paid by the employer and not by the person. **Exception:** the first \$20 of each monthly payment of Black Lung Benefits.
- **Alimony**
Any allowance paid to a spouse for his/her support by his/her spouse at the time of legal separation or following their divorce.

- **Child Support**

Regular payments or contributions received to defray living expenses made by one or both parents for the child's support. Child support may be court ordered or voluntary.

- **Veterans Pension**

Money paid by the Veterans Administration to disabled former members of the Armed Forces or to survivors of deceased veterans, subsistence allowances paid to veterans for education and on-the-job training as well as so-called "refunds" paid to ex-servicemen as GI insurance premiums.

- **Education and Training Stipends**

Most student assistance programs are not countable, but funds and stipends received directly by the student or to cover living expenses while an individual is in school or training program are considered income.

The following federal and state student assistance programs are not considered income:

- ✓ Pell Grants (Pell Grant or BEOG)
- ✓ Federal Family Educational Loan Program (Guaranteed, Stafford, Perkins)
- ✓ Federal Work-Study Program and Federal Supplemental Educational Opportunity Grants (SEOG)
- ✓ Tennessee Student Assistance Award (TSAA)
- ✓ Student education loans
- ✓ Revised Section 479B of Title IV of the Higher Education Act (HEA)
- ✓ Bureau of Indian Affairs (BIA) Student Assistance Programs.

- **Income of Sponsored Aliens**

When determining the income eligibility of sponsored aliens for child care purposes, the household income of the sponsors shall only be counted if the applicant is residing in that sponsor's household.

Sources of Income Not to be Counted

In addition to exclusions noted in the above section, do not count:

- Food Stamps (**FS income must be encoded in TCCMS for federal reporting purposes**).
- Income tax refunds - state or federal.
- Earned Income Tax Credit - advances or year-end amounts.
- Summer or other part-time income for youth age 18 or under who are in school or training.
- Income, including Social Security retirement or disability income, of any member of the family household, e.g., the live-in grandparent, aunt or non-parental caretaker, who is not counted by the parent as part of her household.

- A reimbursement received by the parent from the Department for child care the parent had paid
- Housing vouchers usable as cash (**Voucher income must be encoded in TCCMS as a zero (\$0) dollar amount as this benefit is not used in Tennessee**).
- The education funds mentioned in the above section.

Income Deductions

Child support paid to non-household members is deducted from the gross income.

Household Resources Not to be Counted as Income

For child care eligibility and parent fee determination, **do not count** the following household resources as income:

- Savings accounts or certificates of deposit (CD)
- IDA - Individual Development Account savings
- Automobiles or trucks or boats or motorcycles
- Auto loan funds granted under the First Wheels program
- Ownership of the house, land or other properties
- Business assets of a self-employed individual
- Lump sum payments, e.g., Social Security back-payment

Determining & Entering Gross Monthly Income

TCCMS will provide an automatic computation of monthly income when entered into the system. There are occasions when it may be necessary to complete an offline calculation of income. Use the following methods:

- **Hourly income** - determine the hourly wage and multiply this amount by the number of hours worked during the individual's usual work day to determine gross daily pay. Multiply the daily pay by the number of days worked in the individual's work week to obtain weekly pay.
- **Weekly income** - multiply the weekly income by 4.3 to determine monthly income.
- **Income paid every two weeks** - multiply the amount received every two weeks by 2.15 to determine monthly income.
- **Income received twice per month** – multiply the amount received twice a month by 2 to determine monthly income.
- **Annual income**--divide total amount of annual income by 12 to determine monthly income.
- **Regular overtime or seasonal income** - Regular income may fluctuate from month to month due to overtime occurring on a regular basis. To

produce a representative income, the income statements for the previous two-month period (8 weeks) will be averaged.

- **Income from farm and non-farm self-employment** - This type of income is usually received on an annual basis. Determine income and expenses in accordance with definitions of farm and non-farm employment, and convert to a monthly figure. It may be necessary to estimate initially until the client has some actual income data. If the family or individual has a deficit income due to expenses being greater than the income from farm or non-farm self-employment, the negative figure rather than zero must be included with other income when determining the family's gross income.
- **Regular income obtained during a portion of the year** - Some individuals have regular employment during certain months of the year (for example, schoolteachers, school cafeteria and maintenance personnel, and Head Start teachers). This income is to be treated as "annual income". If the parent/caretaker elects to work during the two months off, then that additional income will be averaged into her annualized monthly income for eligibility purposes.
- **Predicting income not yet received** - in cases where employment has just begun it may be necessary to estimate the income in order to determine eligibility and the parent fee amount.
 - ✓ Accept an employer's written statement describing the client's wage and hours
 - ✓ Set up the case for special action within 60 days to re-determine income based on actual pay amounts.

Acceptable Sources for Verification of Income

- Paycheck stubs covering a minimum of the last four (4) weeks of regular income will be required of the participant. A determination should be made whether or not it is representative of usual pay. The most recent stub submitted should be no more than 30 days old.
- Copies of court orders or legal documents
- Records of county or circuit courts
- Award letters, approval of benefits notices, written statements, both signed and dated, of employers showing weekly number of work hours, rate of pay, and gross income (when check stub or payment histories are not available)
- W-2 Forms or income tax forms, i.e., Form C
- Bank or financial institution records
- Business records maintained by self-employed persons
- ACCENT

DETERMINING FAMILY HOUSEHOLD SIZE

All individuals applying for TCC, At-Risk, and Low-Income child care assistance will have their family household composition determined for the purpose of calculating income eligibility.

Participants must report all changes in their household unit within ten (10) calendar days of a change. Failure to report such changes may result in a loss of eligibility and child care assistance. Certificate Programs shall inform all participants at the time of application to report any changes which may affect income and of the possible consequences for failure to report such changes.

Mandatory Members of the Family Household Unit

The following family members must be included in the household unit:

- The natural or adoptive parent or caretaker;
- The married spouse of the parent or caretaker, if residing in the home;
- A second parent or alleged parent of the children needing care when he or she is residing in the home, even if unmarried to the parent/caretaker;
- All children needing child care who are residing in the home for whom the parent/caretaker has primary responsibility for care and control and is related within a specified degree relationship;
- Any child needing child care residing in the home for whom the parent/caretaker or married spouse has primary responsibility for care and control through legal temporary custody or guardianship; and,
- Any child siblings to the child needing care, including those siblings over age 18 or under 19 if the sibling is still attending high school.

Determining Other Household Members and Situations

Other Adults and Their Children Residing in the Residence

- The parent or caretaker may claim a separate family household for eligibility purposes while residing with other related or unrelated adults if these adults are not otherwise mandatory members.
- When another adult residing with the parent/caretaker is determined to be a mandatory member, then the children of this mandatory member may be counted when determining the family household size.

Caretakers Who Are Also Foster Parents

If the caretaker adult is also a foster parent paid by the State or a private foster care agency, the foster child(ren) will be counted in the family household size and the foster care payments will be counted as income.

Non-Emancipated Minors

The parents of a non-emancipated minor parent will be counted in the family household unit when determining household size and income. This family household will be tested against the child care income eligibility level.

Emancipated Minors

Minors under 18 years of age may be considered as a separate household from their parents, even if they reside in the same house, provided they are legally emancipated. This family household will be tested against the child care income eligibility level.

Verification of Relationships and Ages

- Verification of relationships and age for Families First participants is completed by the FF caseworker prior to referral for child care assistance. These verifications remain documented as the family transitions to TCC and ACC. New additions to a FF case must be referred by the Families First caseworker before that individual can be served.
- Verification of relationship and age will be completed for Low-Income and ARCO applicants and individuals in TCC and ACC cases that are added as members after the closure of the FF case.

The following documents can be used to verify relationships, whether legal or alleged, and for ages of persons.

- | | |
|----------------------------------|----------------------------------|
| - TCC eligibility referrals | - birth certificates/copies of |
| - adoption/legitimization orders | - hospital birth records |
| - school records | - juvenile or other court orders |
| - SSA award letters | - social service agency records |
| - physician statements | - military records |
| - family bible records | -ACCENT |

Specifying Degrees of Relationship

- FF, TCC, and At-Risk cases have had relationships determined previously by the Families First caseworker.
- Low-Income applicants must prove the relationship of the children for whom they are applying for assistance.
 - ✓ A Low-Income caretaker relative **does not** have to be the legal guardian or custodian of a child who **is** within the 5th degree in order to receive child care assistance. Included as eligible “relatives” are those related to the child by half-blood, step-related, legally adoptive parents; and, the blood relations of these persons, legal spouses of any of these persons even though the marriage may have been terminated by death or by divorce.
 - ✓ A Low-Income caretaker **does** have to be the legal guardian or custodian of a child who **is not** within the 5th degree in order to receive child care assistance.

TCCMS Encoding Policy On Family Members

Only those household members determined to be included in the family household unit will be entered into TCCMS and identified by the appropriate codes, e.g., “Children Needing Care”, “Other Family Members”, etc., in order to compute the correct eligibility and parent fees. Those individuals residing in the house who were not deemed part of the family household unit should not be entered into TCCMS.

Special Situation – Deployed United States Soldiers

Situations in which a parent is temporarily out of the home due to military deployment (either foreign or domestic) do not change the child's eligibility status. Family members or non-related individuals who have temporary care and control of the child may continue to receive child care assistance to prevent a disruption in the caregiver-child bond, preserve the slot with the child care provider, and lessen the anxiety of the deployed parent.

- This policy applies to any child care eligibility.
- Any redetermination should be postponed until the eligible parent returns from duty.
- Any parent fees determined on the parent's income will be continued at the same fee.
- The case should stay in the parent's name if possible with the address of any new location for the child changed if needed.

LOW-INCOME DIAGNOSED DISABILITY AND DEVELOPMENTAL DELAY ASSISTANCE

Children who have a diagnosed disability or a developmental delay of a low-income family may apply for Low-Income child care assistance to enhance the child's early childhood adjustment. This program is only available when state and federal funding allows new admissions. Since 2002 funding has been insufficient to add new individuals to this program.

The individual(s) with the disability or the developmental delay is/are the only child(ren) eligible to receive assistance under this program. This special assistance is focused on the child's need, and not for the purpose of assisting a parent to work. Therefore, the parents do not have to meet the work activity requirements. Non-disabled/developmentally delayed children in the family household, related or unrelated, do not qualify for this assistance program. If other non-disabled children in this family are to apply for assistance, the parents must meet the work requirement activity.

For tracking purposes, all children served under this eligibility will be placed under the funding source code "DD".

Diagnosed Disability

- **Verification of Disability**

- ✓ The diagnosis of disability must be made in a signed statement by someone who is licensed to make it.
- ✓ Licensed persons, including the following medical professionals, may make the diagnosis of disability: physician, psychologist, psychiatrist, mental health clinic social worker.
- ✓ The statement must include the name of the person making the diagnosis, his/her title, the date of diagnosis, and the nature of the disability.
- ✓ If a child is an SSI recipient or receiving special services through DMHMR, Part H, or other public school special education program, documentation that the child is eligible for those benefits is sufficient verification of a diagnosed disability.
- ✓ If a diagnosis of permanent disability is obtained, it is not necessary to secure any further verification. This does not stop the need for regular eligibility redeterminations.
- ✓ In cases where the disability is not permanent and may be subject to change, a current diagnosis must be obtained once a year.

Developmental Delay

- **Licensed or Regulated Care Only Limitation**

Children with a developmental delay require professional child care. These children shall only be placed in a DHS licensed or DMH regulated care arrangement.

- **Program Scope**

The effectiveness of using child care for addressing developmental problems should be monitored. If the child makes no progress after a year, termination of child care or a change in provider should be considered. Should the child make sufficient progress to be functioning in the acceptable range for his/her age or grade, child care should not be continued for more than one year after the initial assessment.

- ✓ Children five years through eight years of age receiving regular school-day services may be authorized for part-time care only; however, full-time care is permitted during summer during the weeks no school services are provided.
- ✓ Children age nine and older may be authorized for part-time or full-time care only during the summer weeks that school does not operate. Should an eight-year-old turn nine during the school year, services may be continued until the school year terminates.

- **Verification of Developmental Delay**

- ✓ A signed statement of developmental delay must be made by either a licensed professional (e.g., such as physician, psychologist, psychiatrist, mental health clinic social worker or the teacher working with the child) or a worker from an early intervention agency such as Tennessee Early Intervention System, Head Start special services staff, or similar agencies funded by DMH/MR.
- ✓ For the school-age child or pre-school child receiving school services, a teacher or the professional must state in writing that (1) the child exhibits social, physical, cognitive, or emotional problems, or (2) the child is below grade level for her/his age or is not passing, or (3) assessments indicate the child is at-risk for educational problems.

- **Authorizing Schedule Types for Developmental Delay**

- ✓ Children ages six weeks through two years of age can be authorized for part-time or full-time care.
- ✓ Children age three through four years of age may be authorized for full-time care if they receive fewer than 10 hours per week of school or specialized services. For those receiving 10 or more hours of school or specialized service per week, only part-time care may be authorized during the weeks these services are provided and full-time during any summer weeks when no specialized services are provided.

APPEALS

All parents and caretakers have the right to file a grievance or appeal on any action taken on their case by the Certificate Program.

Policies

- The parent must be informed about her right to grieve or appeal at the start of child care assistance.
- Individuals always have the right to appeal at any point before, during or after an impending action.
- Appeal Timeframes:
 - ✓ To be considered valid, the appeal must be filed no later than ninety (90) calendar days following the effective date of the negative action causing the appeal.
 - ✓ In order for benefits to continue during the appeal period, the appeal must be filed within 10 days of the effective date of the negative action.
 - The parent must be informed that if the negative action is upheld, then any continued child care service would be charged to them as an overpayment and subject to recovery. This recovery does not apply to any child care received during the 10-day advance notice period.
 - Individuals must continue to meet their work requirements and pay any assessed parent co-pay fees during the appeal process to receive continued child care service.

Procedures

- An appeal may be requested by a client through the Certificate Program staff, Family Assistance staff, or Service Center staff.
- All appeals are processed by the Department of Appeals and Hearings (DAH). Both contract agencies and DHS operated Certificate Programs may continue any attempts to resolve the issue in question after the appeal is filed.
- Appeals forms should be mailed to:

Jo Murphy, Director of Intake and Conciliation
Tennessee Department of Human Services
Division of Appeals and Hearings
P.O. Box 198996
Nashville, TN 37219-8996

Or, faxed to 1-866-355-6136 (313-5013 for Nashville and 615 Area Code only)

- The parent/caretaker filing the appeal must be provided with a copy of the completed appeal form.

SECTION II - CASE MANAGEMENT

CHILD CARE APPLICATION AND PARENT AGREEMENT FORM

All parents/caretakers will complete an application and a parent agreement for services.

Applications for Child Care Assistance

- All parents must sign an application with basic demographic information.

Parent Agreement to Receive Child Care Assistance

- The Certificate Program will inform all parents of the basic Certificate Program requirements and their rights as stated in the Parent Agreement Form.
- All parents will agree to accept the Certificate Program requirements and will sign the parent agreement form.

Issuance of Certificates

- The Certificate Program will issue the child care certificate to all eligible parents.
- A copy for the provider will be given to the parent or will be mailed to the provider by the Certificate Program.
- Providers must have a valid certificate in their possession before they can receive reimbursement.

CASE DOCUMENTATION

Case Notes

- Case documentation in parent and provider histories should always answer the basic “who, what, when and why” questions.
- Case notes on important actions with each parent will be maintained on events such as:
 - ✓ contacts regarding a parent’s change in status and eligibility,
 - ✓ child enrollment issues,
 - ✓ special assistance in selection of care,
 - ✓ complaints about service or the provider,
 - ✓ supervisor case reviews,
 - ✓ contacts regarding state office interventions,
 - ✓ steps in an appeal, and
 - ✓ any special circumstance that may later require explanation.
- Case notes will be made in TCCMS in the appropriate history or text blocks.
- Case documentation in TCCMS will use the appropriate history codes.
- All responses to Comptroller Hotline complaints will be coded and documented under the appropriate parent or provider history screen.

Client and Provider Document Files

- Each local Certificate Program will maintain files of client case and provider documents.
- The Certificate Program will handle and store these files in a secure location in accordance with Health Insurance Portability and Accountability Act (HIPAA) requirements.
- The Certificate Program may maintain any additional and special case notes deemed necessary in the case paper file when the type or length or nature of the case notes do not allow entry in the data system history.
- The Certificate Program will not store Voter Registration documents in the parent file.

Case Reviews

Case reviews will be performed regularly by supervisors to control for inaccurate data entries into the data system and errors in eligibility determination that can lead to the misallocation or misappropriation of funds, program abuse or fraud by staff, clients or service providers.

- Each local certificate program will perform a quarterly case review of a representative sample of active and closed parent case files from each funding source for each caseworker to include at least the following:
 - ✓ A check for policy compliance in eligibility determination, including appropriate verification documentation being present in the case file.
 - ✓ A check for adequate case notation in data system record and for appropriate entries at contact, referral, determination, parent co-pay assessment, funding source transfer, any provider transfer, termination and waiting list status.

- ✓ A check for appropriate child negotiated rates.
- Each local certificate program will perform a quarterly case review of a representative sample of active and closed child care provider files to include:
 - ✓ A check for a current enrollment agreement form with provider receipt.
 - ✓ A check for a current rate agreement form.
 - ✓ A check for current copy of the provider's parent policy and public rates.
- The reviewer will document the case review in the parent history screen record including the outcome.

Information concerning the verification of gross income must be fully documented. It will include the name and title of the person who gave the verification, the date the verification was made and the amount and source of the income. If the title of the person providing verification does not indicate how the person is in a position to know, an explanation should be given. A copy of any written verification must be placed in the case file.

Information Gathering When The System Is "Down":

- Local Certificate Programs will have a local backup procedure to gather the required parent interview information, issue certificates, and perform other case functions when the computer system is "down."
- The procedure may include any form of substitute paper process, e.g., paper applications, until the system is back "up" and the backlog of information can be entered.

REDETERMINATION PROCEDURES POLICY

Redeterminations for TCC, At-Risk, and Low-Income Programs

- **Frequency**

A redetermination for continued eligibility is required:

- ✓ Every six (6) months; or,
- ✓ Whenever an individual's circumstances indicate the eligibility may have changed, e.g., a change in monthly income, hourly wage, work hours, family size, etc.

- **Options for Redetermination**

Upon being notified of the need for a redetermination parents have the option to submit their verifying documentation of eligibility in advance of the redetermination due date and avoid having to come in for an office interview.

- ✓ Certificate programs will develop local procedures to make the mail-in process customer-friendly.
- ✓ Certificate Programs must not require face-to-face interviews for all redeterminations.
- ✓ Parents will complete an application and parent agreement form at redetermination.
- ✓ Verifying documents for income and work hours are required.
- ✓ A new parent interview in TCCMS and redetermination of eligibility in TCCMS is required.
- ✓ Parents may pick up their copy of their new certificate at their convenience or it will be mailed to them.
- ✓ A copy of the new certificate will be supplied to the provider, either through the parent or mailed directly to the provider.

- **Notices and Reports for Redetermination**

Each local Certificate Program will use the following procedures:

- ✓ All redetermination due dates should be set for the last day of the month when possible. (**EXCEPTION:** DCS state custody and protective services cases should be approved for the dates listed on the referral).
- ✓ An initial redetermination notice will be sent out to the parent a minimum of 30 days prior to the redetermination due date. Parents are responsible to schedule or reschedule appointments for redetermination interviews or submit their information by mail/fax before the redetermination date. If scheduling an appointment, Certificate Programs must make every effort to accommodate working parents by scheduling parent interviews before or after normal office hours or at alternate locations for those who cannot make regular office hours.
- ✓ An advanced closure notice will be sent to those parents who did not redetermine or schedule to redetermine by at least the 20th day of the month in which their redetermination is due. A copy of this notice is also sent to the provider.

- ✓ A final termination notice will be sent to the client and provider when a client fails to redetermine by the certificate expiration date.
 - ✓ The Certificate Program will send out the TCCMS Provider Redetermination Report to providers at least 30 days out so they may assist the program in urging their parents to report well in advance of the redetermination due date and not suffer a disruption in service.
- **Late Redeterminations Within Last 10 Days**
 - ✓ Individuals who come into the local Certificate Program (or mail in verification) within the last ten (10) calendar days prior to their redetermination due date and are found ineligible, will be provided the full ten (10) days of advance notice prior to termination of child care assistance.
 - ✓ This advance notice applies even if child care service will be extended past the redetermination due date.
 - ✓ A new certificate may have to be issued to cover those extended days past the redetermination date. (The prior income may have to be used to continue “eligibility” for those extended days.)
 - **Missed Redetermination Due Dates:**

Individuals who miss the redetermination due date:

 - ✓ Will have their TCCMS “eligibility” and child enrollment terminated effective the redetermination due date using the “failure to redetermine” reason code.
 - ✓ Will be issued the TCCMS termination and fair hearing notice.
 - ✓ Will be responsible for any payments to their provider after the date of termination.

Participants in the Low-Income Child Care program who miss their redetermination will have to reapply for new child care assistance services and, depending on available funding, may not be able to re-enroll in the program.
 - **Failure to Report On Time With Good Cause**

If an individual appears or provides requested information within ten (10) days following the issuance of the termination notice and can prove good cause for not reporting, they may be returned to active status.

 - ✓ Good Cause Reasons:
 - Late in providing additional verification information following an interview or mail-in prior to the redetermination date.
 - Hospitalization of the participant or child;
 - Death of an immediate family member.
 - ✓ Not Good Cause Reasons:
 - Lack of transportation to the office;
 - Too busy working to set an appointment;
 - Failing to reschedule an appointment;
 - Claims of not receiving the notices.

- ✓ Situations in which Good Cause is approved will have their child care paid (backdated) for the days between termination and their return to active status.
- **Setting New Redetermination Period Dates**
 - ✓ The new eligibility period begins effective the day following the redetermination date if completed before that date.
 - ✓ If the redetermination was completed after the redetermination due date, the new eligibility period will be started effective on that past redetermination due date if services are being backdated.
 - ✓ The Certificate Program agency will notify eligible parents of their new eligibility status after a redetermination.

Desk Reviews FF Child Care Cases

- Families First caseworkers perform six month redeterminations of FF eligibility.
- Certificate Programs will conduct a scheduled six-month desk review of FF cases to determine the continued need for child care assistance.
- Desk reviews should include:
 - ✓ A review of ACCENT screens for eligibility status and work compliance;
 - ✓ Contacts with the parent and/or provider; and
 - ✓ A review of work component attendance sheets when available.
- TCCMS should be fully documented with information pertaining to the FF desk review.

MONITORING CHILD ABSENCES

Local Certificate Programs must monitor their TCCMS child irregular attendance reports for children with excessive absences and take appropriate action. Failure to take appropriate action on excessive absences results in costly overpayments. (Also see **CHILD TIME, ATTENDANCE, AND ABSENCE** chapter)

Certificate Program Monitoring of Child Absences

- Once a month the local Certificate Program must review the irregular attendance report to identify those children whose absences suggest child care may not be needed.
 - ✓ Parents with children absent 100% in a 30-day calendar period will be issued a ten-day advance child enrollment termination notice for excessive absences, unless the local Certificate Program has granted an extended period or has made an exception based on extenuating circumstances.
 - ✓ For children with an absence rate of more than 50% in a 30-day calendar period, the local Certificate Program will determine if care is no longer needed or if there is a good cause reason to approve an extended absence period. (Note: a 30-day extended absence period starts with the child's first day of absence and not on the day reported or discovered.)
- A copy of the child enrollment termination notice sent to the FF parent will also be sent to the FF caseworker when the termination is not a result of a DHS request.
- A copy of the child enrollment termination notice sent to the provider on a DCS case will also be sent to the DCS caseworker.
- If a parent notifies the Certificate Program office that she is resuming the child's attendance, and/or if the FF or DCS caseworker calls on behalf of the parent or foster parent to state the parent is resuming attendance, then the enrollment termination action will be immediately canceled or the child re-enrolled.
- If a good cause reason was determined for any absence days over the allowed limits, then the local Certificate Program will authorize Fiscal Services for an adjustment payment to the provider to cover the child's approved extended absences.
- Local Certificate Programs will report instances of suspected client or provider fraud discovered as a result of monitoring absences.

RELEASE OF CLIENT INFORMATION

Procedures

- The release of information form when issued will be given an end date of no more than 6 months from the date of signature.
- The release form must be signed by the individual on whom the information is being requested.
- Although a minor living with parent(s) may sign an application, the minor cannot consent to a release of the parent's information, e.g., income, etc.

SECTION III – PROGRAM MANAGEMENT

PARENT CONSUMER EDUCATION

Information for Program Participants

At a minimum, each parent will receive the following information upon their initial child enrollment into the program with each item reviewed with the parent by the Child Care Specialist:

- The types of care covered by the Certificate Program, including both regulated and unregulated care;
- What to look for in selecting a provider;
- The Star Quality rated license program in Tennessee;
- The Department's child care provider website address;
- How to file a child care complaint with the Department;
- How to file a report of suspected program abuse or fraud;
- Basic information on childhood immunizations;
- Opportunities for health coverage for the child; and
- The federal IRS Earned Income Tax Credit and Dependent Care Credit programs as income supports in covering the full cost of care.

Child Care Resource and Referral Center

- The Certificate Program will inform each parent of the Child Care Resource and Referral Center (CCR&R) located in their area.
- The Certificate Program will identify those parents who need a one-on-one consultation with a trained or experienced counselor. These parents should be referred to the CCR&R for special assistance in locating a child care provider or specialized providers.

Parental Choice

- Parents will not be referred or "steered" to a specific provider.
- Certificate Program staff shall not accept gifts, gratuities, or favors from a child care provider.
- The Certificate Program may advise parents of the weekly rates or other miscellaneous fees of a provider when asked by the parent.
- The Certificate Program will advise parents that they are responsible for any cost difference when providers charge more than the state rate.
- The Certificate Program will directly assist a parent who reports difficulty in finding care.
 - ✓ Local Certificate Program staff will identify those parents who cannot locate an available or affordable arrangement.
 - ✓ The Certificate Program will provide a list of all providers in the parent's area from TCCMS, including those providers participating in the Certificate Program at the time, public Pre-school Even Start, and Head Start programs, for the parent's county of choice.

- ✓ When availability or affordability remains an issue for a parent, the Certificate Program will assist the parent by calling individual providers in an attempt to locate a vacancy and may have to extend the search to include those providers not currently participating in the certificate program. Assistance should be offered to facilitate provider enrollment.

Parental Choice and Department of Children Services (DCS) Arrangements

- DCS child care arrangements are typically made by the DCS caseworker.
- The local Certificate Program will assist DCS or the foster parent if necessary in locating an available and/or affordable arrangement.

PROVIDER TRAINING

Initial Training of Providers

Local Certificate Programs will provide all newly enrolled providers with an initial orientation into the Certificate Program. At a minimum, the orientation will include a review of the following:

- The provider's enrollment form;
- The provider policy manual;
- The billing process and information on the two options for completing the EAV:
 - ✓ Web-based, and
 - ✓ Paper
- Proper secondary attendance and hours documentation, and attendance codes;
- Provider sanctions policy and termination; and
- Methods to work and communicate more effectively with parents in order to decrease the number of parents requesting transfers.

Initial training will be documented in the provider's history record.

Follow-up Provider Policy and Procedures Training

Certificate Programs will provide all providers follow-up training when significant changes to the provider policy with all certificate providers.

- Attendance is not mandatory, but strongly recommended for providers to be aware of any changes.
- Training topics may include:
 - ✓ Any new policies or program changes;
 - ✓ An overview of provider policy;
 - ✓ EAV completion process;
 - ✓ Secondary time and attendance documentation; and
 - ✓ Provider sanctions policy and termination.
- Training can be completed in a group setting or with individual providers as needed.
- The following documents will be kept on file by the Certificate Program:
 - ✓ A training agenda showing the policies covered and any guest presenters; and,
 - ✓ An attendance list.

Individual Provider Retraining:

- An individual provider may be identified as needing retraining on all or part of the provider policy when specific problems arise, e.g., chronic mislabeling attendance codes, failing to report rate changes, turning EAV forms in late, etc.

- A provider who was issued a warning letter or sanctioned by the Termination Committee may require retraining in the area of the finding or violation.
- Attendance to a retraining arranged by the Certificate Program is mandatory.

PROGRAM ABUSE AND FRAUD

Each Certificate Program will report suspected abuse of program benefits or fraud by staff, clients or providers.

Reporting of Suspected Program Abuse or Fraud

- Certificate Program staff, parents, or providers who become aware of or suspect program abuse, misappropriation of funds, or fraudulent receipt or issuance of benefits should report these situations to the Comptroller of the Treasury's Fraud, Waste and Abuse Hotline at **1-800-232-5454**.
- Staff members will also report the above instances to the Director of the Child Care Certificate Program.
- Informants can remain anonymous when calling the fraud hotline.
- Any specific information provided to Certificate Program staff on suspected Certificate Program abuse will be investigated and pursued by staff in order to correct the immediate problem, i.e., ineligibility, inaccurate enrollments or attendance.
- Each local Certificate Program will post a message with the above hotline phone number in view of the public, i.e., waiting areas.

INTERPRETIVE LANGUAGE SERVICES

Each applicant for and recipient of child care assistance who has limited English proficiency will have free interpretive services provided her or him under the federal Office of Civil Rights (OCR), Title VI of the 1964 Civil Rights Act. Each Certificate Program will ensure persons with limited English proficiency have fair and equal access to interpretive services when securing child care assistance. Language differences between agency staff and persons will not be a barrier to those individuals when receiving needed services.

Procedures for Contracted Certificate Programs

- Contractor Certificate Programs will be monitored for compliance by the state.
- General guidelines to consider when setting up a language interpretation program:
 - ✓ Title IV specifically rules out the use of informal translation by minors.
 - ✓ Friends and family members may interpret for a client, provided that the use of such a person would not compromise the effectiveness of the services, violate confidentiality, and the client is first advised that a free interpreter is available.
 - ✓ Qualified contract or volunteer individuals may be used.
 - ✓ Service must be free and should be convenient for the client.
 - ✓ Access to this service does not act as a barrier by location or timeliness.
 - ✓ The agency must be able to offer interpreter services for every language.
- Staff training records will be maintained on this Title VI service.
- Additional guidance is available through OCR at www.hhs.gov/ocr.

Procedures for DHS Operated Certificate Programs

- Supervisors and staff in DHS operated Certificate Programs will follow Departmental and Family Assistance policies on the treatment of individuals with limited English proficiency and on interpretive language services.
- Staff training will be obtained and provided through the local Family Assistance office.

CONFIDENTIAL CASELOAD POLICY

Any employee of the Child Care Certificate Program (whether through the Department of Human Services or a contract operating within the Department of Human Services) who receives Certificate Program assistance will be placed in a special confidential caseload for special supervision and internal financial accountability. DHS District Administrators may direct the Certificate Program to have other DHS or contract employees within their districts placed in this special caseload.

Procedures

Each local Certificate Program shall create a confidential caseload of the above identified individuals and implement local supervision and accountability procedures to include, but not limited to, the following points:

- Each district's child care Certificate Program director/manager/program supervisor will designate a child care specialist for the special caseload. The program supervisor may designate herself or himself to carry the confidential caseload.
- The special caseload designee shall not be a recipient of child care assistance.
- The eligibility – referrals, verifications of income and work requirements, records of special cross checking with other data systems like ACCENT, periods of eligibility, assessment of parent co-pay fees, and certificate for child care assistance, etc., will be regularly checked by the program director or a supervisory designee.
- Each redetermination of eligibility of these cases whether by schedule or change of circumstances will be checked by the program supervisor or designee.
- The program supervisor or designee will document these checks in the TCCMS parent history record.
- TCCMS history screens must be copied for the paper file to prevent possible intentional or accidental erasing or alteration of entries.
- Any detection of possible fraud or acts of favoritism shall be immediately reported by the Certificate Program supervisor to the DHS Administrative Director and to the State Director's office of the Child Care Certificate Program.

PUBLIC RECORDS POLICY

All information related to work performed under the Certificate Program is considered in the public record and is available to the public for review and copying (at the public's expense) during normal business hours pursuant to T.C.A. 10-7-501. This information includes:

- Provider enrollment status in the Certificate Program;
- Provider payment information;
- Parent eligibility for Low-Income child care (excludes FF and TCC);
- Numbers of all clients, including FF and TCC, and all providers.

Exceptions

The following specific information is considered confidential and will not be released to the public:

- The names, addresses, Social Security numbers, telephone numbers and other identifying information regarding the children and families served by the certificate program who are:
 - ✓ receiving assistance under the Families First, Transitional, or At-Risk programs; and,
 - ✓ part of a Child Protective Services case or a Foster Care case administered by the Department of Children's Services.
- Low-Income parent Social Security numbers
- Provider Social Security numbers

Local Procedures

- Each local Certificate Program must have a procedure in place that details how requests from the public for information that is considered public record will be handled. This plan must designate the person who is to interact with the persons requesting the information and a backup person.
- Court ordered requests for records that contain information not to be released will be immediately forwarded to the Office of the Director of the Certificate Program. Information or requested documents will not be released without permission from the state office.
- "Blacking out" restricted information on court ordered documents does not lift the above requirement to first obtain state office permission to release such information.

PROGRAM MONITORING & RECORDS MANAGEMENT

General Focus of Monitoring, Quality Assurance, and Audits

Contract monitoring, quality assurance and audit activities should be viewed as a constructive tool between partners to review processes otherwise not visible and to ensure qualified customers are being served accurately, appropriately, timely and with good customer service practices.

Records, i.e., agency (e.g., personnel), fiscal (e.g., business costs), client cases, and provider (e.g., enrollment, EAV invoice forms), shall be maintained as critical documentation for monitoring, quality assurance, and auditing purposes.

“Record” is defined here as both paper and electronic.

Monitoring, Assessment, Evaluation, and Auditing Mechanisms

DHS Office of Program Assessment

- Monitors the eight Certificate Program broker contracts in the rural areas.
- Each contract is reviewed every other year (four reviewed 1 year and four the next).
- This function was previously carried out by Finance & Administration and was brought in-house at DHS in 2004.
- The components of this evaluation of the Certificate Program contracts are not replicated for the four urban areas in which DHS is the certificate agency. These contract reviews focus on the degree to which the broker is meeting contract obligations.
- Site visits will be arranged with each contract agency by the Program Assessment staff.
- Each reviewed contract Certificate Program agency with a finding will prepare a response and corrective action plan for each finding within thirty (30) days of receiving the monitoring report. Responses will be sent to the Director of the Child Care Certificate Program.

University of Memphis – Sparks Bureau of Business and Economic Research and the Center for Manpower Studies

- Evaluates all 12 certificate agencies (4 DHS and 8 Contract).
- Each agency is evaluated twice a year (6 evaluations are completed each quarter).
- Each local Certificate Program agency, i.e., DHS-operated and grant contracted, measured on alternating quarters for their customer satisfaction performance with a sample of parents on the Certificate Program.
- A summary report will be issued to DHS administrative directors and grant agency executive directors detailing the results for their programs.
- Each program which makes a less than satisfactory based on an established minimum score, will make a corrective action plan within 30 calendar days following the issuance of the report. The action plan for that measure will expect to bring the performance score up to or exceeding the satisfactory or baseline level by the end of the next evaluation.

- A contracted grant program with two consecutive less than satisfactory scores may suffer a withholding of its payment invoice for failure to perform its contracted scope of service until such time as the performance is brought up to satisfactory service.
- Repeated less than satisfactory scores by a contracted grant program, whether or not among the same measures or consecutive, may result in a termination of the grant.

DHS Office of Program Integrity

- Performs random audits of licensed child care providers participating in the Certificate Program.
- Audit findings may result in referral to Provider Review Committee.

Other Forms of Monitoring and Record Access

Certificate Program agencies are also subject to reviews by state and/or federal monitors and auditors. Individual case file information must be available for on-site review during normal working hours to parents or caretakers and/or their attorneys with adequate notice to the certificate program representative in charge of child care services.

Agency and Case Record Maintenance and Purging

The Certificate Programs, both DHS and contract grant agencies, must maintain documentation for all charges against the State, including agency, fiscal, case, and provider records. These books, records and documents, insofar as they relate to the Certificate Program, will be maintained for a minimum of three (3) fiscal years. Older records than that may be purged at the local Certificate Program's discretion. Individual paper case records containing confidential material shall be destroyed, e.g., incineration, shredding, removal by a professional records handling company.

Transferring of Records

In the event that a contract Certificate Program is terminated, the terminated contract agency shall secure, prepare, and assist in making arrangements for the transfer of all current and closed client case and provider records to the new agency. Closed client and provider records shall include those records stored in accordance with the purging policy referenced. An agency's financial records required for accounting audit purposes will be retained by the agency, i.e., receipts, personnel expenses, etc.

VOTER REGISTRATION POLICY

Each individual, regardless of funding source, who comes into a child care Certificate Program office will be afforded the opportunity to register to vote or to decline that opportunity.

All child care Certificate Program staff, DHS and contractors, will follow the Department's policy and procedures outlined within the Family Assistance policy bulletins on this subject.

Program Goal

The National Voter Registration Act of 1993 (42 USCA 1973gg-5) requires that all state offices which provide public assistance with federal funds shall make available "mail-in" voter registration forms, assistance in the completion of registration applications, and the acceptance of completed registration application forms. The intent of this federal law is to establish procedures which will increase the number of eligible citizens who register to vote in elections for Federal offices, to protect the integrity of the electoral process, and to ensure that accurate and current voter registration rolls are maintained.

Procedures

- DHS Certificate Program Supervisors and contract certificate managers/directors will ensure they receive, read and follow all Family Assistance bulletins issued on voter registration processes.
- Certificate Program Supervisors and contract managers/directors will ensure completed voter forms are handled in a secure manner.

NVRA Quarterly Staff Training

Certificate Program supervisors and contract managers/directors will ensure all Certificate Program staff who are involved in providing, assisting with, and collecting the registration applications will receive documented quarterly training through their local DHS Family Assistance office.

LOW-INCOME WAITING LIST

- As of June 30, 2004, new children are not added to the Low-Income waiting list.
- Children currently on the Low-Income waiting list are 'frozen in place' on the waiting list.
- Children should be removed from the waiting list when a parent returns to Families First, when a child turns age 13, or when a family moves out of the area/state.
- Certificate Programs are not required to maintain contact with families currently on the waiting list to assess ongoing interest in Low-Income child care and/or potential eligibility.
- Parents seeking to be added to the waiting list will instead be advised of the alternatives available to them.

INFORMATION SYSTEMS ACCESS & SECURITY

Local Certificate Programs have access to several State information resources, including the Tennessee Child Care Management System (TCCMS), the Family Assistance eligibility system (ACCENT), and electronic mail services. Certificate Programs will be responsible for maintaining their office system links to DHS, which includes applying for and maintaining user identification codes (user IDs) and passwords and appropriate system access to ensure that front-line intake staff have working, secure access to information.

Contract Certificate Program System Access

- **Agency Registration**
 - ✓ Each Certificate Program agency will complete an agency security registration form and submit it to the Director of the Certificate Program.
 - ✓ Forms are available through the TCCMS Help Desk.
 - ✓ This process must be repeated when information about contact persons in the agency change or if requested by the system security office.
 - ✓ The agency's director or manager of child care services will complete the "Agency" information block as the person responsible for the users and sign the form.
 - ✓ This agency person will be the primary contact point between the local contract certificate program and Department's data system security office.
 - ✓ An agency security identifier will be issued by the data system security office.
- **User Identification Code (User ID) Assignment**
 - ✓ The agency will apply for and maintain a user identification code (user ID) for each of its staff using the state systems after the agency has received its five-character agency security identifier. Forms are available from the TCCMS Help Desk.
 - ✓ The new user ID must be first assigned to the individual user by DHS before any access to a specific software application is granted.
 - ✓ The access application process must be completed each time a new staff member needs access to DHS data systems.

DHS Administered Certificate Program System Access

DHS administered certificate programs will obtain their access permissions through their designated regional information systems office and its procedures.

ACCENT Use, Enrollment, and Training

- All Certificate Programs will be tied into selected DHS welfare management information systems and client databases.
- All Certificate Programs will maintain their office ACCENT links as provided by the Department's systems office, including applying for and maintaining security passwords from DHS, to ensure their front-line intake staff have working access to check client information. There are a number of child care policies which call for these staff to verify client status and information.

- All Certificate Programs will provide their child care specialists and supervisors with limited ACCENT access to allow staff to make limited inquiries into a Families First participant's record.
 - ✓ An ACCENT enrollment form must be completed for each Certificate program user who needs access to the ACCENT system. Forms are available from the TCCMS Help Desk.
 - ✓ The completed ACCENT form will be forwarded to the Director of the Certificate Program.
- All Certificate Programs will be responsible for identifying their ACCENT training needs and securing this training from their county DHS Family Assistance regional offices.

TCCMS Access

Local Certificate Programs will provide their counselors and supervisors access to TCCMS (Tennessee Child Care Management System) with the appropriate authority.

- ✓ After the user has been assigned a user ID from the above process, the program's supervisor, manager or director will complete form TCCMS-01. All pertinent user data must be entered. (Forms are available from the TCCMS Help Desk.)
- ✓ The completed form must be sent to the TCCMS Help Desk where it will be routed to the TCCMS security officer and a copy routed to the UNIX security officer.
- ✓ The TCCMS security officer assigns the ORACLE ID and the Menu security items for the user according to the user's role.
- ✓ The UNIX security officer identifies the user ID to the SUN (Solaris) system.
- ✓ The local Certificate Program's child care supervisor, manager, director or systems administrator adds the user to the local TCCMS application system.

E-Mail Access

All Electronic mail (e-mail) access services are provided through GroupWise.

Terminating User Access

- Any Certificate Program user – DHS or contract, who leaves the duties as a Certificate Program staff member or otherwise no longer requires user access for any reason, must have her or his security access terminated from the appropriate DHS systems within ten (10) work days of a user's separation.
- All Certificate Programs must notify the TCCMS Help Desk and their Department's Systems Security Administrator in writing or by e-mail or when the access need has ended.

**TENNESSEE DEPARTMENT OF HUMAN SERVICES
CHILD CARE CERTIFICATE PROGRAM
10/1/05**

SECTION IV – PROVIDER POLICIES

LICENSED & OTHER REGULATED PROVIDERS

Licensing Status for Participation in the Certificate Program

To participate in the Certificate Program, regulated providers must be either:

- DHS Licensed;
- DOE (Department of Education) Approved;
- DMHMR (Department of Mental Health and Mental Retardation) Approved; or
- DHS Approved-Exempt. Boys and Girls Club centers are exempt centers as specified under state statute. With official acknowledgement by the Director of DHS Licensing and after meeting certain agreements with the Tennessee Association of Boys and Girls Clubs, these exempt centers can receive certificate funds.

All regulated providers must be first entered into the Department's (DHS) Licensing provider database before a provider can enroll into the Certificate Program and receive certificate funds.

Federal Compliance with Title VI & Section 504 Requirements

- Children on the Certificate Program can only be placed with those licensed or approved regulated providers who are in compliance with Title VI of the Civil Rights Act of 1964 and Section 504 of the Rehabilitation Act of 1973.
 - ✓ Providers must ensure non-discriminatory policies in relation to race, color, national origin, handicap and/or disability are in place to protect both employees and the children and parents the provider serves.
 - ✓ Providers must ensure that the children and parents on the Certificate Program are not discriminated against or treated differently in any way because of their income, social status or placement on the program.

Regulated Provider Identification

- All regulated providers must have a federal tax identification number to participate in the Certificate Program.
- Provider records are public information and may include provider identification numbers.
- Providers are responsible for notifying their regulatory agency and the Certificate Program of any changes in their identification numbers.

Provider Location Status and Changes

- When a regulated provider moves locations, the old location is considered “closed” by the DHS Licensing office and the old location is no longer eligible for reimbursement. When the provider becomes licensed at the new location, they may re-enroll in the Certificate Program.
- The local Certificate Program office will notify the DHS Licensing office when any additions, changes or errors for the regulated provider data or information are identified.

Transfer of Ownership for a DHS Licensed Agency

- A new owner of an existing DHS Licensed center or day home must notify the DHS Licensing office of the change in ownership. The notice must be with adequate lead time to complete all of the necessary licensing requirements in order to be ready to enroll into the Certificate Program as a new provider when the current owner closes.
- The DHS Licensing office will immediately place the prior owner’s license in “Closed” status and notify the Certificate Program of that change in licensing status.
- The Certificate Program will immediately terminate all of the child enrollments for an agency in “Closed” licensing status.
- The Certificate Program will immediately notify the affected parents of the closure and provide assistance to ensure a smooth and timely transfer to a new provider.
- The new owner is not eligible for any reimbursement payments prior to the effective date of its new license.
- The Department is not liable or responsible for any personal arrangements made between a seller and a buyer regarding the receiving or exchange of certificate funds that may allow a seller to “continue” operation while the buyer attempts to qualify for a new license.

Voluntary and Emergency Closures by the Child Care Agency

- Voluntary closures (those not a result of action taken by DHS Licensing) will not be coded into Licensing database as “Closed” by DHS Licensing or the regulatory agency.
- Upon hearing of a closure, the Certificate Program will assist parents in making new arrangements if necessary.

Suspension of DHS Child Care License

- Children enrolled in the Certificate Program must be removed immediately from the provider on the date DHS Child Care Licensing issues an order of suspension to a regulated provider.
- The child enrollments will be terminated and future payments to the provider will stop as of that date.
- The DHS Child Care Licensing office will inform the Certificate Program if and when it is permissible for parents to re-enroll their children with that provider.

Denial and Revocation of DHS Child Care License

- Children enrolled in the Certificate Program will be terminated from a child care provider on the day the DHS Child Care Licensing office issues a letter to deny or revoke the provider's license.
- Parents may decide to remain with the provider, but the Certificate Program will not continue payment for those children.

When DHS Licensing denies or revokes the provider's license, three common scenarios may occur:

1) The provider does not appeal

- The children remain terminated

2) The provider appeals the decision, and wins

- The Certificate Program will re-enroll children and restart payments as of the original decision date if the Board does not uphold the denial or revocation and decides in favor of the child care provider.
- The Certificate Program will also "back-pay" the child care payments for all enrolled children that remained with the provider during the appeal process. The Certificate Program will only "back-pay" a child care payment after the Board of Review decides in favor of the provider.

3) The provider appeals the decision, and loses

- The child care enrollments and payments will not start until the DHS Child Care Licensing office gives the Certificate Program its approval to the provider to reopen the center/home.
- Those parents who chose to leave their children with the provider will be responsible for child care payments.

If the provider and Child Care Licensing settle the case regarding the denial or revocation without input from the Board of Review, and the license or certificate is reinstated, the Certificate Program will re-enroll children with the provider.

Complaints Made Against Providers/Individuals Caring for Children

Any complaint made against a DHS-licensed provider, other regulated agency provider, or any other person caring for a child, will be directed to the Child Care Complaint Hotline in the Nashville state office at 1-800-462-8261 or (615) 313-4820 for formal handling of the complaint.

CAPACITY, OVER-ENROLLMENT AND OVER-CAPACITY

Certificate Program Procedures to Over-enroll Children

- 'Licensed capacity' is the number of individuals allowed in a given space at one time as established by the DHS Licensing office or regulatory agency.
- "Over enrollment" does not necessarily mean a provider is over its licensed capacity.
- The DHS Licensing database will automatically warn the local Certificate Program when the next child's enrollment will place a provider in an over-enrollment situation for that shift.
- The Certificate Program may ONLY over-enroll AFTER contacting the provider to verify there is actual capacity to accept the new enrollment. By contacting the provider at each warning, the Certificate Program office will help prevent a possible over-capacity situation on a provider who the parent did not contact in advance and who knows her center is at her capacity limit. The Certificate Program will also remind the provider of their responsibility to report excessive absences as required by policy.
- The Child Care Specialist will document these contacts in the provider and parent history.
- The Certificate Program will not "level load" shift slots by first filling one and then the next.
- The Certificate Program will notify DHS Licensing of any provider whose enrollment level may indicate non-compliance with capacity requirements.

Defining "Parent Shift" for Child Care

"Parent Shift" is the usual work or training schedule of the parent, and not a provider's definition of shift with the center. Parent schedules dictate to which shift the child care specialist assigns a child.

- **First Shift:** Morning hours through about 6:00 PM. This includes most school-age children schedules.
- **Second Shift:** Early afternoon hours through about 11:00 PM. May include some school-age children arriving after school and staying beyond 6:00 PM in those centers that have late-hour care.
- **Third Shift:** Late night hours through early morning hours.

Defining "Provider Shift"

Child care providers sometimes have "shifts" within the child care center to schedule the children. These "shifts" are not used to determine a parent's work shift.

Certificate Supervision of Provider Enrollments

- Certificate Program staff may take action, including unannounced visits to a provider, to verify a child is attending when there are questions regarding a child's attendance.

ENROLLMENT OF REGULATED PROVIDERS

Regulated providers intending to participate in the Child Care Certificate Program must apply for enrollment with the local Certificate Program and be approved by the Department before any payment reimbursement can be made.

Provider Enrollment Procedures

- Each provider applicant is responsible for completing and submitting the following forms in order to participate in the program and receive payment:
 - ✓ ***Provider Enrollment Agreement*** form;
 - ✓ ***Provider Rate Agreement*** form;
 - ✓ ***Substitute W-9*** form;
 - ✓ ***Payment Cycle Option*** form;
 - ✓ ***ACH Direct Deposit*** form (Required – see below.)
- Each provider must disclose on a rate agreement their rates for the general public and their customer policies to the Department at
 - ✓ Initial enrollment;
 - ✓ At any subsequent re-enrollment;
 - ✓ When state rates change; and,
 - ✓ Immediately upon any change in rates or fees.
- Providers will sign a new enrollment agreement as the Department's requirements change, or be terminated from the program.
- All providers are required to have electronic direct deposit.
- Enrollment packets for regulated providers arriving at DHS Fiscal Services without completed direct deposit forms will be rejected. Providers are responsible to change their ACH Direct Deposit in timely fashion when account changes occur, or payments will be stopped until the new account is set up.
 - ✓ A provider may be terminated for not having electronic deposit.
- Child care providers may not enroll in the Certificate Program if they have any outstanding debts with the State of Tennessee and do not have a payback plan approved by DHS Fiscal Services.

Provider Enrollment – Certificate Program Procedures

- The Certificate Program will track the "Rejection Report" of enrollment packets for any disapproval of a provider's packet made by DHS Fiscal Services to initiate correction and ensure timely processing.
- The Certificate Program will review all provider rates and policies for the rate charges and compare the rates charged to the general public to the state maximums in accordance with provider payment policy on lesser rates.

CHILD TIME & ATTENDANCE & ABSENCE

Child Enrollment with a Provider

- Providers will not accept a child without a valid certificate and may not be reimbursed for those days without a valid certificate.
- “Valid” is defined as no more than 30 days past the date of issuance.
- Providers will call their local Certificate Program when it has questions about a child’s eligibility for assistance.
- An active child enrollment prompts the payment system to list that child on the next Enrollment Attendance Verification form (EAV).

Special Situations

- When parents who are also providers:
 - ✓ Parents can work in child care centers where their children are also enrolled as long as the parent and child are not in the same classroom.
 - ✓ Parents cannot work in family and group home settings if their children are also enrolled in the same home.
 - ✓ Parents are allowed to work in family and group home settings only if the owner has more than one site. The parent must work at one site and the children must be enrolled at the other site.
- In joint custody situations:
- Providers will only be reimbursed for child care assistance in those weeks the eligible parent has physical possession of the child.
- The non-eligible parent assumes responsibility for the weeks they have possession of the child.

Provider Record Keeping for Time and Attendance

- All providers must maintain secondary documentation to support the hours and days the child was in care. Secondary documentation may be one or more of the following:
 - ✓ Electronic, computer-based card swipe or log-in; or,
 - ✓ Paper sign-in and sign-out sheets for parents to sign or initial; or,
 - ✓ Some other sound accounting practice to capture child time and attendance.
 - ✓ Transportation van logs can only be used as secondary documentation if the parents sign the child onto and off the van.
- Providers will transcribe the time (hours) and attendance (days) from its secondary documentation onto the paper or web-based EAV.
- Providers must report on the EAV the actual hours attended by each child for each day.
- Providers with a core program funded by other agencies, i.e., Head Start, local Pre-K classes, will subtract the core program hours from the extended child care service portion of the child’s day and enter those net hours on the EAV form.
- Providers are subject to possible payment recoupment if any days are not supported by the secondary documentation.

- Providers must retain their secondary time and attendance documentation for three years for audit purposes.

Claim Procedures for Time and Attendance

- Providers will not claim for days of non-attendance prior to the first day a child starts child care even though the child's certificate may show an earlier start date.
- Providers will not claim for days after the day of termination even though the child's certificate may show a later end date.
- The Department is not required to give a provider a "two week advance notice" before a child's termination even though the provider may require that of parents.
- The Department will not pay providers for absences preceding a child's termination. Providers will be paid through the child's last day of attendance.
- Parents are responsible for any signed agreements made with their provider.
- The provider will submit the EAV form to DHS Fiscal Services for all the children it has enrolled under the Certificate Program within 45 days following the end of the billing period or reprint date.
- A provider may not be paid for an EAV form submitted later than 45 calendar days after the end of the billing period or reprint date.
- A provider may not file an EAV prior to the close of business on the last day of a billing period. This includes hand-delivering EAVs to the State Office prior to close of business.

Child Absences

- The Department will pay for a child's absence for routine illnesses or family needs up to ten (10) days per monthly pay period or up to five (5) days per biweekly or semimonthly pay period.
- Providers must notify the local Certificate Program anytime a child misses five (5) consecutive days. Notification may be in writing or by telephone and must be made no later than the first business day following the 5th consecutive absence.
 - ✓ The local Certificate Program will follow up with the parent/caretaker to determine if the need for care still exists.
 - ✓ Failure of a provider to report 5 consecutive absences may result in investigation of the provider's attendance records.
 - ✓ The Department will not pay for any days after ten (10) consecutive absences that occur over one or two billing cycles unless the criteria for paying for extended absences described below is met.
- The Department will only consider paying for an extended absence due to a serious illness up to a maximum of 30 days. The Department will not consider additional payment for family needs.
- The parent shall provide the Certificate Program with a doctor's written statement describing the illness, the reason for the extended
- absence and indicates the number of days of additional absence
- needed beyond the five days or ten days allowed.
- ✓ The parent must provide documentation of the illness to the Certificate Program within 10 days of discovery of the need for extended absence. The Certificate Program is responsible for

documenting the verification provided by the parent in order for payment to be expedited.

- The Certificate Program will monitor chronic or excessive child absences when they have been informed of the situation.
 - ✓ The parent's need for continued child care in these cases will be re-evaluated;
 - ✓ The Certificate Program may require the parent to be interviewed, asked to provide additional information for continued eligibility, or the child enrollment may be terminated.

School Age Child Attendance Rules:

- School age children whose parents work a first shift will be placed on a school calendar.
- A "half day" of school is when school is dismissed before 1:00 PM or earlier.
- "Half days" at the start, mid-term, and end of school terms will be considered "full days" at the higher rate for the care arrangement when the entire school is affected, i.e., all grades.
- "Half days" that only affect one grade district wide (i.e., kindergarten classes) will be considered "full days" for the care arrangement. Certificate Programs may have to create special calendars in some situations.
- "Half days" that only affect one grade in one school cannot be accommodated in all situations and may have to be considered as a "school day" at the lower rate for the care arrangement. The Certificate Program may elect to enter child negotiated rates or to start kindergarten children later if half day arrangements last for several weeks at the start of a term.
- "Full days" out of school district-wide for snow will be posted in the school calendar for a "full day" at the higher rate for the care arrangement.
- "Full days" out of school for one school in a system, i.e., "heating system down", cannot be accommodated in all situations and may have to be considered as a "school day" at the lower rate for that day. Certificate Programs will make the effort to accommodate with the higher "school out" rate whenever possible.
- District-wide school-age children who are let out of class before 1:00 PM and must start their after school care earlier will be considered in care for a "full day" at the higher rate for care.

Proper Use of Attendance Codes

"Number of Hours" on the EAV

Providers must record the actual hours attended by each child for each day on the EAV.

- Providers will round any minutes off to the nearest hour.

"Blanks" as a Code for Non-attendance:

- A "blank" on the EAV signals that the provider does not expect payment for that child for that day.

- Blank spaces will be used by a provider to indicate:
 - ✓ The days prior to the start of child care service;
 - ✓ The days following the termination “T” code;
 - ✓ The days during a week that do not need payment for some reason.

“T” Code for Termination of Child by Provider

- “T” indicates the termination of a child from a provider’s program.
- Place a “T” the day after the last day of the child’s attendance.
- Leave days following a “T” blank or with a “T” on each day through the end of the EAV period.
- Providers get paid for the last day of attendance, but no days thereafter.

“A” for Child Absences

- “A” indicates the child was absent.
- Providers will be paid for “A” days within the policies on absences.
- The provider must be open for business on days marked with an “A” and have documentation to prove they were open, e.g., staff time and attendance records.

“C” Code for Closed Provider Days:

- The “C” code indicates the provider was not open for business that day. The child care provider was closed for personal or business reasons, e.g., for outbreak of illness or vacation; the heating system broke; the center not open for snow; for storm damage.
- Providers do not get paid for days they are closed.
- Payment may be made for a day if the provider closes after learning that all enrolled children will be absent that day.

“H” Code for Paid State and Federal Holidays

- The “H” code indicates the provider was closed for an approved state and federal holiday as listed by the Department.
- Providers will be paid for state and federal holidays.
 - ✓ **Exception:** When a parent requires care on a holiday when the regular provider is closed, the provider will not be paid if the parent is able to secure a certificate at an alternate provider for that day. This parent is required to complete these arrangements prior to the holiday.

“N” code for special child schedules:

- The Certificate Program authorizes a special schedule for specific children when a parent’s activity schedule makes care unnecessary for 1 to 4 days per week on a regular basis.
- The “N” code is designed for use by providers as a placeholder instead of using “A” or blank day codes or marking “0” hours. The Department is purchasing the “slot” or entire week and not buying single days as it does with “holiday and summer only” schedules.

- The amount of child care needed is calculated from the parent's activity using the 1-19 hours for part time and 20 or more hours for full time method to calculate PT/FT infant and PT/FT preschool rates & co-pay fees.
- School age children are always calculated either "School In" or School Out".
- Providers who will accept a special schedule child at a daily rate or reduced weekly rate will be paid at the lesser rate.
- All special "N" schedules must be clearly flagged in the child's TCCMS "Schedule Notes" text block and documented in parent history.

Coding Errors on EAV

- Providers must use the preceding codes on their EAV forms to receive payment.
- When errors are made, a provider will be provided an opportunity to resubmit a corrected EAV.
 - ✓ The provider will suffer a delay in receiving payment, but not a denial of payment for those days coded in error.
 - ✓ A provider may have those children with incorrect codes exceptioned off the EAV form and rebill for those children later through adjustments.
 - ✓ The Certificate Program will not deny a provider payment for services delivered based on unintentional errors in EAV coding.

Late Invoice EAV Forms

- The Department will have no liability to reimburse a provider for any EAV form submitted later than forty-five (45) calendar days after the end of the billing period.
- A provider who continues to submit EAV forms after the 45-day limit following a written warning will be referred to the Provider Review Committee for action.

Underpayments

- The Department will have no liability to reimburse a provider for any underpayment error not brought to the attention of the local Certificate Program within forty-five (45) calendar days after the end of the billing period in which the error was made.
- The Department is not required to make adjustments for underpayments further back than the prior fiscal year.

PROVIDER RATES AND CHARGES

Disclosure of a Provider's Public Rates

- Each provider will complete a rate agreement upon enrollment.
- Each provider is required to disclose in the rate agreement all of its rates and discounts and provide the Department with a copy of those rates upon enrollment and immediately upon request by the Certificate Program any time thereafter.
- Each provider must contact the Certificate Program and complete a new rate agreement and submit a new parent policy showing those rates when it changes any of its rates to the general public or offers a special or discounted rate.
- The Department may terminate its enrollment agreement or refer to the Provider Review Committee any provider who fails to cooperate in these policies.
- The Department will recover any overpayment discovered that was made at any time in the past.

Cost Differences between State and a Provider's Higher Rates

Providers are allowed to charge Certificate Program participants the cost difference between a lower State base reimbursement rate and the provider's higher general public rate.

Lesser or Lower Provider Public Rates

- If a provider's public rate is less than the state rate, the lesser rate charged to the general public will be paid.
- A provider's rates that are set by care-levels (age groups) different than those care-levels used by the Department and which are lower than the Department's rate will be paid at the lesser rate on a child by child basis.

EXAMPLE: A provider charges \$91 for a child 2-3 and \$85 for a child 3-4. If the state rate for children within those age ranges (2-4)= \$91, the provider's lesser rate of \$85 will be paid for children 3-4, and the state rate of \$91 will be paid for children 2-3.

- The Certificate Program will take advantage of all discounts except when the provider's public rate is equal to or higher than the state rate

EXAMPLE 1: The state rate for a child is \$90. The provider's public rate is \$95 for the first child and \$90 for the second (a \$5 sibling discount). Of course, for the first child, the provider will only be paid the state rate of \$90. For the second child, the Certificate Program will also pay the \$90 state rate because the provider's sibling discount rate is equal to the state rate. It is not necessary to deduct \$5 from the second child's payment rate.

EXAMPLE 2: The state rate for a child is \$90. The provider's public rate is \$90 for the first child and \$85 for the second (a \$5 sibling discount). The provider will be paid \$90 for the first child

and \$85 for the second because the sibling discount rate is below the state rate.

- The local Certificate Program will monitor each provider's rate agreement and parent policy for different care-level rates and sibling discount rates and set those as individual child "negotiated rates."

Allowable Provider Discount Rates

Providers may offer reduced rates to certain groups and not be subject to the Department's "lesser rate" policy:

- Scholarship rates set by the provider in their parent policy for low-income customers on a sliding income scale providing that there is an accounting audit trail from the source of the funds to each subsidized child;
- Employee discounts for the provider's child care staff members; and
- Discounts to the membership in the sponsoring church or organization for the center providing that the center can verify the parent's membership and that the membership is open to the general public.

CHILD TRANSFERRING PROVIDERS

Transfers When Parent Owes Back Co-Pay Fees

- When a parent owes the current provider a parent co-pay fee debt, the transfer cannot be completed.
EXCEPTION: If the provider failed to notify the Certificate Program in writing following the first two weeks of unpaid co-pay fees that the parent was not paying, the transfer may be completed.
- When the provider acknowledges the complete payment of any owed co-pay fees for the prior two weeks, the transfer may be completed.
 - ✓ Providers must be able to document the parent's payments credited towards individual charges and itemize the balance for each.

Limits on Provider Transfers

The Department will allow a parent two (2) unquestioned requests to transfer providers within a twelve-month period. Any additional requests will be questioned as to the need and approved only under certain conditions to avoid unnecessary disruptions in a child's caregiver relationship.

Reasons to Approve an Additional Transfer

- The parent moved to a new residence.
- The parent changed job locations.
- The parent either
 - ✓ complains of problems with the provider and has filed an allegation of abuse or neglect with the Department of Children's Services, or
 - ✓ makes an allegation of provider licensing violations with the DHS Child Care Complaint Hotline.
- The provider or regulatory agency closes the child care provider.
- The parent makes a written statement to the Certificate Program about specific concerns for the health or safety of her child at her unregulated provider.
- The parent transfers from an unregulated to a regulated provider.
- The child ages out of the care levels provided by the current provider.
- The parent cannot afford the cost difference between the state base rate and a provider's higher general public rate.

STAR-QUALITY BONUS PAYMENTS

Regulated child care providers are required to take part in the assessment process to establish their Star Quality rating. The rating received by providers enrolled in the Child Care Certificate Program determines the amount, if any, in additional payments to be received. Providers do have the option to opt out of the payment bonus by completing a Declination to Participate form.

Star-Quality Bonus Percentages

- One-Star rated programs will receive a 5% quality bonus added to the state rates or their lesser rates;
- Two-Star programs will receive a 15% bonus added to the state rates or their lesser rates;
- Three-Star programs will receive a 20% bonus added to the state rates or their lesser rates.

Star Quality Bonus Conditions

- The bonus payment does not reduce a parent's obligation to pay:
 - ✓ The parent's assigned co-pay fee; or
 - ✓ The parent's obligation to pay for the cost difference between state's base rate and a provider's higher general public rate.
- Participating providers must be enrolled with the Certificate Program to receive bonus payments (in Certificate Program database as "Applied" status).
- Participating providers do not have to raise their general public rates up to the bonus level in order to receive bonus payments.
- Providers with general public rates at or above the state rate will receive the bonus amount based on the state rate.
- Providers with general public rates below the state rate will receive the bonus amount based on their lesser rate.
- Providers who offer sibling discounts will receive the bonus for the children receiving a discount based on the discount rate.
- The weekly bonus amount will be rounded up or down to the nearest dollar.

The Timing of Star-Quality Bonus Payments

The Certificate Program will add or reduce a quality bonus timed for the following instances.

- A new Star Quality rated provider's bonus will start effective on the next billing cycle following the "Effective Date" entered on the Star report by the DHS Licensing office.
- A reduced Star Quality rated provider's payment will start effective on the next billing cycle following the "Effective Date" entered on the Star report by the DHS Licensing office.

Rate Agreements and Star Bonuses

- Providers receiving a Star Quality bonus are not required to sign a new rate agreement upon receiving their Star unless that provider is changing its

general public rates by any amount – up or down. A new rate agreement is always required in those instances to document changes in public rates.

- Securing a new rate agreement will not cause a delay in the Star Quality Bonus payment.

RATE DEFINITIONS

Child care assistance for a parent is determined and reimbursed by a weekly rate assigned by a care level and the number of hours per week needed to cover the individual child need for care.

Procedures

The Certificate Program will determine the child's hours of care needed per week and assign the care in units of care:

Units of Care	Codes	Age Range	Hour Range
Infant Full-time	FT	Birth up to 11 months	20 hrs or more
Infant Part-time	PT	Birth up to 11 months	1 to 19 hours
Toddler Full-time	FT	12 –23 months	20 hrs or more
Toddler Part-time	PT	12-23 months	1 to 19 hours
Preschool Full-time	FT	Age 2 to School Age	20 hrs or more
Preschool Part-time	PT	Age 2 to School Age	1 to 19 hours
Extended (FF & DCS Only)	ET	Infant to School Age	61 hrs or more over 7 days
School In	SI	School Age	1 to 60 hours
School Out	SO	School Age	1 to 60 hours

Care Level Rates

- “School Age” rates start with the child’s attendance in kindergarten.
- A pre-school child will never have a SO/SI rate assigned except in approved situations.
- A school age child will never have a pre-school FT or PT rate assigned.

Extended Time Care Rates

A child on the Families First (FF) program or with the Department of Children’s Services may be allowed the ET (150%) rate when:

- The parent or foster parent is participating in work activities that require more than 60 hours of child care in a week; or may,
- Need full-time care from one provider and need part-time care from another provider.
- Care is authorized by the DHS Field Supervisor or DCS regional manager to receive either:
 - ✓ Extended Time (ET) unit of care for infants and preschoolers which provides up to 150% of a full time unit; or,

- ✓ One FT certificate for one provider and one PT certificate for another provider for infants and preschoolers; or,
- ✓ Additional days of paid SO rate for school-aged children in the seven-day week.
- TCC, At-Risk, and Low-Income parents are not eligible for the Extended Time (ET) unit of care.
- A FF participant who is receiving the Extended Time unit of care will have the rate reduced to one full-time unit of care when funding is transferred to TCC.

Rate Tables

- Official reimbursement rate tables are released by the Department annually for July 1 through June 30 of each state fiscal year.
- Reimbursement rates may or may not be increased based on available funding.

INCORRECT CHILD CARE PAYMENTS POLICY

Administrative Errors

Administrative errors occur when the Certificate Program authorizes incorrect payments. Examples of administrative errors include:

- Authorization of an ineligible family;
- Eligibility approval for an incorrect period of time;
- Incorrect assessment of the parent co-pay fee;
- A failure to act on a notice of change to terminate a parent's eligibility or terminate a child's enrollment when the need stopped.

Client Error

Client errors occur when an applicant for or recipient of Certificate Program benefits acts or fails to act in a manner that results in incorrect payments.

Examples of client errors include:

- Reporting incorrect data or misrepresenting facts;
- Failure to notify the Certificate Program of any changes that could affect eligibility;
- Failure to make a satisfactory repayment plan with a provider to pay any owed parent co-pay fees.
- A parent with an unpaid overpayment debt from a previous eligibility may not receive child care assistance services on a new TCC, At-Risk, or Low Income eligibility until a satisfactory repayment agreement has been first established.

Provider Errors

A provider may unintentionally or intentionally misrepresent its reimbursement claim. Examples of provider errors include:

- Operating in non-compliance with state child care licensing while receiving Certificate Program payments;
- Adding false or incorrect hours to a child's attendance on the EAV invoice or related secondary documentation;
- Entering false or incorrect child attendance or absences on the EAV invoice or related secondary documentation;
- Using incorrect EAV codes;
- Changing the actual location of where the provider served the child;
- Claiming for attendance on the EAV invoice prior to the child's actual start date;
- Claiming attendance on the EAV invoice after a parent terminates care;
- Over-enrolling children beyond the licensed capacity after confirming there was capacity.

Types of Client and Provider Error

- **Unintentional Error:** An unintentional client or provider error was when there was no evidence identified of an intention to misrepresent by the client or provider
- **Intentional Error:** An intentional client or provider error was when there was evidence of an intention to secure benefits or payments by misrepresentation by the client or provider.
- Intentional misrepresentation of records is a violation of the provider's enrollment agreement and will be reported to the Provider Review Committee (See policy "**Provider Sanction and Reinstatement**")
- All overpayments made to a provider, whether unintentional or intentional, discovered by the Certificate Program, will be recovered as outlined below.

Contract Certificate Program Errors

- Contracted Certificate Programs are also liable and responsible for any unintentional, negligent, or deliberate misrepresentation of client or provider information or failure to take an appropriate action by their agency staff which results in an overpayment to a client or provider when those individuals received or delivered services in good faith.
- Contracted Certificate Programs may be liable and responsible for full repayment of the computed overpayment outlined below.
- Contract Certificate Program errors will be immediately reported by the agency's child care director to the DHS State Office.

Determining the Period of an Overpayment or Underpayment

An overpayment or underpayment period begins effective the date when the eligibility or attendance in question started, or other change occurred through the last day of eligible attendance for the child or day in question being claimed by the provider.

Instances When an Overpayment Must be Collected

- In cases involving recipients of child care assistance or benefits, i.e., clients or providers.
- When a case was determined in a court of law to be fraud.
- In cases when the overpayment amount equals or exceeds the cost of recovery.

Methods for Collection of Overpayments

- **Providers** (order reflects priority for the method of collection)
 - ✓ **Lump Sum:** The provider may choose to repay the overpayment in one payment reduction from their next billing period or a full amount repayment by check made to the Department of Human Services and mailed to the Fiscal Services unit.
 - ✓ **Installments:** An agreement must be made with approval from DHS Fiscal Services for any installments from a set number of billing periods or full amount repayments. Installment plans should not exceed six months.

- ✓ **Collection:** Individuals who have not responded to a repayment agreement may have recovery action taken as considered appropriate under state law.

Terminated Providers with Debts: Providers who have been terminated from the Certificate Program and leave owing an overpayment debt may not re-enroll in the program until a satisfactory repayment agreement has been established and approved by the Director of Fiscal Services.

- **Clients** (order reflects priority for method of collection)
 - ✓ **Lump Sum:** The parent may choose to repay the overpayment in one payment with a check payable to the Department of Human Services.
 - ✓ **Installments:** The parent may reach an agreement and approval from the local Certificate Program for monthly installments.
 - ✓ **Collection:** Individuals no longer receiving child care assistance and who have not repaid an overpayment, or made a repayment agreement, may have recovery action taken as considered appropriate under State law.

Terminated Clients with Debts: Any client who has been terminated from the Child Care Certificate Program with an overpayment debt may not re-enroll in the Certificate Program until a satisfactory repayment agreement has been established.

EXCEPTION: Families First recipients

- **Contract Certificate Program Agencies**
 - ✓ **Lump Sum:** The contract Certificate Program agency will repay the overpayment in one payment from its next payment.
 - ✓ **Installments:** An agreement must be made with prior approval from DHS Fiscal Services for any installment repayment plan.

Funds Received from Clients and Providers

Any monies obtained by the local Certificate Program will be immediately secured and handled according to Department policy on cash funds.

Underpayment Refunds as Client Household income

Any underpayment amount (refund) made to a parent on the Certificate Program will be disregarded from that household's gross income when determining eligibility for all child care assistance funding sources, including parent co-pay fee assessments.

PROVIDER AUDIT REVIEWS

Office of Program Integrity Procedures

- The Office of Program Integrity (OPI) will perform onsite audit reviews of individual providers' payments and compliance with Provider Policy and the Provider Agreement.
- A report of the review and any findings will be sent to the provider by OPI.
- The OPI report will include a request for a response and corrective action plan on findings from the provider, if necessary.
- OPI will identify and compute any overpayments made by the Department to a provider.

Referral to the Provider Review Committee

- Upon issuing an acknowledgement letter to the provider's response, OPI will refer those providers to the Provider Review Committee for action.
- The Committee coordinator will issue a letter notifying the provider of the findings and possible outcomes of the Committee's review.
- The Committee will review the finding and the provider response. The response may include, but is not limited to:
 - ✓ Suspension from the Certificate Program; and
 - ✓ Provider payment reduction.
- The Committee will issue a letter to the provider detailing what, if any, penalty is to be imposed. A copy will be sent to the local Certificate Program.

Local Certificate Program Procedures

- The local Certificate Program agency will respond to any inquiries for client or provider data or assistance made by the OPI review team in any phase of an audit or recovery of overpayments.
- The agency will review each audit review upon receipt.
- The agency will document all contacts with the OPI review team in the provider's record.
- The agency will file the OPI review report in the provider's file for documentation.
- Any future violation of any provider policy can cause an audit review report to be considered in the Provider Review Committee process.

FINANCIAL DISCLOSURE REQUIREMENT

Certain licensed providers are subject to the state law Tennessee Code Annotated 71-3-502(j) Subsections (1)-(4) effective January 1, 2001. This state law requires certain providers to submit an annual report to the Department or its representatives of the provider's financial status. The report must include, but is not limited to, the receipt and disposition of any funds paid to the provider by the Department for the care of children on the certificate program.

Providers Receiving \$75,000 to \$250,000

Those providers receiving at least \$75,000 or more per year in child care subsidy payments from the Certificate Program must submit a financial disclosure report to the Department or its representatives.

Providers Receiving \$250,000 to \$500,000

- Those providers receiving \$250,000 but less than \$500,000 per year in child care subsidy payments from the certificate program must submit an annual financial disclosure report to the Department and may be subject to an audit by the Comptroller of the Treasury.
- The provider's annual financial report, including financial statements, its books of account and financial records are subject to the Comptroller's audit.

Providers Receiving \$500,000 +

- Those providers receiving \$500,000 or more per year in child care subsidy payments from the certificate program must submit an annual financial disclosure report to the Department and will be audited annually by the Comptroller of the Treasury.
- The provider's annual financial report, including financial statements, its books of account and financial records are subject to the Comptroller's audit.

Cooperation with and Providing Reports to the Department

- Those providers who are required to make reports and submit to audits shall cooperate with the Department, the Comptroller, or their representatives, in fulfilling the requirements of the above state law.
- Failure to fulfill the requirements and/or audits or providing false information may result in a provider being referred to the Provider Termination and Reinstatement Committee for possible termination from the Certificate Program.

PROVIDER REVIEW COMMITTEE

Under the terms of its enrollment agreement with the provider, the Department shall have the right to terminate the agreement with any provider who violates any terms of the Provider Agreement and/or any provider policy.

Policy Violations

- Some examples of violations:
 - ✓ Failing to maintain secondary documentation of time and attendance to support EAV forms.
 - ✓ Submitting EAV forms after the 45-day deadline after being formally warned.
 - ✓ Charging the Department more than public rate.
 - ✓ Submitting EAV forms with incorrect codes after being formally warned.
 - ✓ Charging the Department for days when child care provider voluntarily closed.
 - ✓ Misrepresenting EAV forms or presenting false information on EAV forms.
 - ✓ Over-enrolling children because the provider misrepresented enrollment capacity and exceeded licensed capacity.
 - ✓ Charging the Department for child no longer attending.
 - ✓ Misuse of confidential information.
 - ✓ Failing to cooperate with the Financial Disclosure Law.
 - ✓ Denial of parental access to children.
 - ✓ Discrimination against children and/or families enrolled in the Certificate Program based on social standing, race, ethnicity or disability.
 - ✓ Findings made by the DHS Office or Program Integrity.

Procedures for Referrals to Provider Review Committee

- The local Certificate Program will send a request for provider review and any supporting documentation to the Provider Review Committee after finding a provider has violated any of the terms of the enrollment agreement or any of the provider policies. The Certificate Program will send copies of these documents to the provider in question.
- The Provider Review Committee coordinator will issue a letter to the provider notifying the center of the violation and an opportunity to file a written response to the Committee.
- The Provider Review Committee will review the report and any response made by the provider.
- The Provider Review Committee will decide what action should be taken against the provider. The Committee may decide to:
 - ✓ Take no action;
 - ✓ Issue a warning letter;
 - ✓ Impose a 10% rate reduction;
 - ✓ Suspend the provider from the Certificate Program for a period of time; or
 - ✓ Permanently terminate the provider from the Certificate Program.

- A provider being penalized with the 10% rate reduction shall not attempt to recover any of this reduction from parents on the Certificate Program.
- Any attempt to recover the difference from customers may result in additional penalties, possibly a full termination from the Certificate Program.

Disposition of a Termination Committee Action

- The provider will be notified in writing by the Provider Review Committee of its decision on its agreement with the provider and the effective date of the planned action.
- Decisions on actions made by the Provider Review Committee are final and cannot be appealed.
- A provider may request the Director of the Child Care Certificate Program to review an action by the Provider Review Committee only to ensure departmental procedures were followed and not the fairness of the decision.
- A request must be in writing and post dated to the Director within 10 calendar days of the date on the sanction letter.

Reinstatement Following Suspension or Reduced Rate Period

A suspended provider, or one with reduced rates, must submit a request in writing to the Provider Review Committee requesting reinstatement at the conclusion of the suspension/reduced rate period.

**TENNESSEE DEPARTMENT OF HUMAN SERVICES
CHILD CARE CERTIFICATE PROGRAM
10/1/05**

SECTION V – PROVIDER POLICIES

UNREGULATED PROVIDERS

A parent may choose an unregulated provider who is a relative, friend, or neighbor, on condition the unregulated provider is approved by the Department and is enrolled into the Certificate Program.

Restrictions on Use of Unregulated Care

Individuals receiving child care assistance under the Social Services Block Grant (SSBG), e.g., working, teens and diagnosed-disability, cannot use unregulated care arrangements. Unregulated care for children receiving assistance through DCS (SSC and SNC) is allowed only with the approval of the DHS State Office.

Qualifications/Limitations for Unregulated Care

- The applicant unregulated provider must be at least age 21 at the time of application.
- A parent/caretaker, alleged parent, step-parent, or legal guardian is not eligible to be an unregulated certificate provider. The unregulated provider cannot be a sibling of the child needing care while also residing in the child's own home.
- Care provided in the child's home is not permitted. If the provider and the child live in the same home, proof that it is the provider's home must be submitted. Sources of verification include:
 - ✓ Proof of home ownership;
 - ✓ Proof that the provider is the primary leaseholder; or
 - ✓ Utility bills in the provider's name.

If the provider lives in the child's parent's home, the provider cannot be paid for unregulated care.

- The provider applicant must not have a criminal background that could pose a risk to the health and safety of young children. (See policy on **"Unregulated Provider Criminal Background"**).
- Location of care can only be the provider's home and not a business or another home.

Enrollment Limits for Unregulated Providers

- Unregulated providers will only receive payment for a maximum of four (4) children regardless whether related or unrelated to the provider.
- In addition to the four (4) children for which they may be paid, unregulated providers may care for two (2) additional children for a total of no more than

six (6) children during a twenty-four hour period. Two (2) of these six (6) children must be related to the provider.

- The care of the six (6) children may be staggered anytime during the day or night to accommodate the parents' schedule needs.
- When counting the number of children in care in order to monitor unregulated caretaker-to-child limits, all children below the **age of thirteen** who are related or unrelated and whether present for pay or not, are to be counted.
- Unregulated providers must agree to not having "multiple shifts" to accommodate more than the limit of six (6) children in care during a 24-hour period.

Enrollment Process For Unregulated Providers

- Parents choosing to use an unregulated provider will complete the ***Parent Application to Choose Unregulated Care*** form.
- Parents must complete the form on actively enrolled unregulated providers.
- Provider applicants will complete the ***Unregulated Provider Application***.
- Provider applicants will also complete the following forms which will be submitted to DHS Fiscal Services as a packet:
 - ✓ ***Unregulated Provider Enrollment***
 - ✓ ***IRS W-9 form***;
 - ✓ ***Payment Cycle Option*** form;
 - ✓ ***ACH Direct Deposit***
 - ✓ The local Certificate Program will conduct a face-to-face interview with all applicants applying for unregulated status. The interview will include a review with the applicant of the completed ***Unregulated Provider Enrollment Form*** and the ***Health and Safety Checklist***
- Each new unregulated provider will receive a review and copy of the current department policy guidebook. The provider will sign an acknowledgement of having received the guidebook.

Temporary Approval upon Application to the Program

- An initial judgment to approve or deny payment will be made by the Certificate Program on the appropriateness of character and background of the applicant provider to care for young children based on the information provided at the initial interview or at any time thereafter.
- A temporary approval will allow the provider to be given "Applied" status and child enrollments can be made until final approval following the Home Visit.
- A provider who is later denied will be reimbursed for any care provided up to the point of the denial.
- Payments will not be made until the provider corrects any deficiencies in the enrollment forms.

Home Visits on Unregulated Providers

- The local Certificate Program will conduct an initial home visit on all new enrolling unregulated providers within 30 days of the application date.
- The home visit will include a:

- ✓ Visual inspection;
 - ✓ Count of the children in the home; and
 - ✓ Compliance review of the Health and Safety Checklist form items.
- A new home visit will be made when an unregulated provider moves to a new home.
 - Upon completion of the home visit, the local Certificate Program will make a determination on the appropriateness of the provider and home. The Certificate Program will notify both the provider and parent of a decision to deny.
 - Certificate Program staff will make annual home visits to unregulated providers to ensure the previous determination of approval remains appropriate.
 - The Certificate Program may provide technical or supportive assistance to help individual applicants to meet the health and safety guidelines, e.g., outlet covers, a smoke alarm, removal of safety hazards, etc.
 - A Certificate Program may review and reconsider its approval of a provider at any time as new information is made available regarding an unregulated provider, e.g., complaints from a parent or other person, result of an annual visit, etc.
 - Certificate Program observations, notes, findings shall be recorded and kept in the provider's record.
 - The parent, but not the provider, has the right to appeal unregulated provider denials.
 - An individual who would be disqualified due to the condition of their residence may receive payment as an unregulated provider if the parent writes a letter acknowledging there are deficiencies in the home.

UNREGULATED PROVIDER CRIMINAL BACKGROUND

There are specific criminal backgrounds that make an unregulated provider or applicant ineligible for enrollment or continued enrollment in the Certificate Program. These specific criminal backgrounds give sufficient concern for the health and safety for the children enrolled in the Certificate Program to warrant exclusion as a provider. The Department does not routinely perform a background check on unregulated providers, though local Certificate Program offices may elect to do so. However, provider applicants must be asked about their criminal history.

Disqualifying Criminal Offenses

- Persons with the following shall not be enrolled as an unregulated provider if it is self-disclosed, reported to, or otherwise brought to the attention of the Certificate Program during the application process or anytime thereafter that the unregulated provider, member of the provider's family residing in the home, or anyone having contact with the children in the provider's home
 - ✓ is currently charged with;
 - ✓ has been convicted of; or,
 - ✓ pled guilty to:
- Any:
 - ✓ crime involving a child;
 - ✓ crime of violence against another person; or,
 - ✓ drug-related crime (e.g., use, possession, transporting, selling, manufacturing).

Exceptions may be made with State Office approval.

Verification of Backgrounds

- Self-disclosure by the provider of an applicable criminal background is sufficient verification for the program to take action.
- The Department does not require a background check for unregulated providers.
- Each local Certificate Program has the option to use local resources to verify the legal standing of a provider's background information.

Disposition of an Unregulated Provider's Application or Enrollment

Upon verification or self-disclosure of one of the above offenses, then the Certificate Program will immediately either:

- deny the application; or,
- begin the process to terminate the provider enrollment agreement.

Also in this situation, the Certificate Program will:

- Immediately provide notice to the unregulated provider by phone and in writing of the decision to terminate from the Certificate Program and the cause for this action.
- Both the phone and written notice will inform the unregulated provider that to remain active in the Certificate Program, the local Certificate Program must

be contacted within five (5) working days by phone or in writing of the intention to remain active. The provider must supply documentation to the Certificate program that confirms either:

- ✓ The charges were dismissed or nullified;
- ✓ The individual in question had been acquitted of the charges;
- ✓ A misidentification occurred and the individual had never been charged with, pled guilty to, or been convicted of the alleged offenses; or,
- ✓ That the person having contact with the child, e.g., a relative, friend, etc., is no longer living in the home and/or no longer has contact with the children.

If the unregulated provider cannot supply documentation, the Certificate Program will proceed with the termination. If the provider does supply the documentation, the Certificate Program may still determine that the provider is not suitable to be approved as an unregulated provider.

- The Certificate Program will contact the affected parents and assist them in making new child care arrangements.
- There is no appeal or review of the decision to terminate an unregulated provider's enrollment agreement from the Certificate Program based on a violation of the criminal background provisions of the provider agreement.

CHILD TIME & ATTENDANCE & ABSENCE

Child Enrollment with a Provider

- Providers will not accept a child without a valid certificate and may not be reimbursed for those days without a valid certificate.
- “Valid” is defined as no more than 30 days past the date of issuance.
- Providers will call their local Certificate Program when it has questions about a child’s eligibility for assistance.
- An active child enrollment prompts the payment system to list that child on the next Enrollment-Attendance Verification form (EAV).

Special Situations

- A parent who is employed by a provider enrolled in the Certificate Program may not receive a child care certificate for a child at that provider if the child is in the care of the parent at the place of employment.
- In joint custody situations, providers will only be reimbursed for child care assistance in those weeks the eligible parent has physical possession of the child. The non-eligible parent assumes responsibility for the weeks it has possession of the child.

Provider Record Keeping for Time and Attendance

- All providers must maintain secondary documentation to support the hours and days the child was in care. Secondary documentation may be one or more of the following:
 - ✓ Electronic, computer-based card swipe or log-in; or,
 - ✓ Paper sign-in and out sheets for parents to sign or initial; or,
 - ✓ Some other sound accounting practice to capture child time and attendance.
 - ✓ Transportation van logs can only be used as secondary documentation if the parents sign the child onto and off the van.
- Providers will transcribe the time (hours) and attendance (days) from its secondary documentation onto the paper or web-based EAV.
- Providers must report on the EAV the actual hours attended by each child for each day.
- Providers are subject to possible payment recoupment if any days are not supported by the secondary documentation.
- Providers must retain their secondary time and attendance documentation for three years for audit purposes.

Claim Procedures for Time and Attendance

- Providers will not claim for days of non-attendance prior to the first day a child starts child care even though the child’s certificate may show an earlier start date.
- Providers will not claim for days after the day of termination even though the child’s certificate may show a later end date.

- The Department is not required to give a provider a “two week advance notice” before a child’s termination even though the provider may require that of parents.
- The Department will not pay providers for absences preceding a child’s termination. Providers will be paid through the child’s last day of attendance.
- Parents are responsible for any signed agreements made with their provider.
- The provider will submit the EAV form to DHS Fiscal Services for all the children it has enrolled under the Certificate Program within 45 days following the end of the billing period or reprint date.
- A provider may not be paid for an EAV form submitted later than 45 calendar days after the end of the billing period or reprint date.
- A provider may not file an EAV prior to the close of business on the last day of a billing period. This includes hand-delivering EAVs to the State Office prior to close of business.

Child Absences

- The Department will pay for a child’s absence for routine illnesses or family needs up to ten (10) days per monthly pay period or up to five (5) days per biweekly or semi-monthly pay period.
- Providers must notify the local Certificate Program anytime a child misses five (5) consecutive days. Notification may be in writing or by telephone and must be made no later than the first business day following the 5th consecutive absence.
 - ✓ The local Certificate Program will follow up with the parent/caretaker to determine if the need for care still exists.
 - ✓ Failure of a provider to report five (5) consecutive absences may result in investigation of the provider’s attendance records.
 - ✓ The Department will not pay for any days after 10 consecutive absences that occur over 1 or 2 billing cycles unless the criteria for paying for extended absences described below is met.
- The Department will only consider paying for an extended absence due to a serious illness up to a maximum of 30 days. The Department will not consider additional payment for family needs.
 - ✓ The parent shall provide the Certificate Program with a doctor’s written statement describing the illness, the reason for the extended absence and indicates the number of days of additional absence needed beyond the five days or ten days allowed.
 - ✓ The parent must provide documentation of the illness to the Certificate Program within ten days of discovery of the need for extended absence. The Certificate Program is responsible for documenting the verification provided by the parent in order for payment to be expedited.
- The Certificate Program will monitor chronic or excessive child absences when they have been informed of the situation.
 - ✓ The parent’s need for continued child care in these cases will be re-evaluated;

- ✓ The Certificate Program may require the parent to be interviewed, asked to provide additional information for continued eligibility, or the child enrollment may be terminated.

School Age Child Attendance Rules:

- School age children whose parents work a first shift will be placed on a school calendar.
- A “half day” of school is when school is dismissed before 1:00 PM or earlier.
- “Half days” at the start, mid-term, and end of school terms will be considered “full days” at the higher rate for the care arrangement when the entire school is affected, i.e., all grades.
- “Half days” that only affect one grade district wide (i.e., kindergarten classes) will be considered “full days” for the care arrangement. Certificate Programs may have to create special calendars in some situations.
- “Half days” that only affect one grade in one school cannot be accommodated in all situations and may have to be considered as a “school day” at the lower rate for the care arrangement. The Certificate Program may elect to enter child negotiated rates or to start kindergarten children later if half day arrangements last for several weeks at the start of a term.
- “Full days” out of school district-wide for snow will be posted in the school calendar for a “full day” at the higher rate for the care arrangement.
- “Full days” out of school for one school in a system, i.e., “heating system down”, cannot be accommodated in all situations and may have to be considered as a “school day” at the lower rate for that day. Certificate Programs will make the effort to accommodate with the higher “school out” rate whenever possible.
- District wide school-age children who are let out of class before 1:00 PM and must start their after school care earlier will be considered in care for a “full day” at the higher rate for care.

Proper Use of Attendance Codes

“Number of Hours” on the EAV

- Providers must record the actual hours attended by each child for each day on the EAV.
- Providers will round any minutes off to the nearest hour.

“Blanks” as a Code for Non-attendance:

- A “blank” on the EAV signals that the provider does not expect payment for that child for that day.
- Blank spaces will be used by a provider to indicate:
 - ✓ The days prior to the start of child care service;
 - ✓ The days following the termination “T” code;
 - ✓ The days during a week that do not need payment for some reason.

“T” Code for Termination of Child by Provider

- “T” indicates the termination of a child from a provider’s program.

- Place a “T” the day after the last day of the child’s attendance.
- Leave days following a “T” blank or with a “T” on each day through the end of the EAV period.
- Providers get paid for the last day of attendance, but no days thereafter.

“A” for Child Absences

- “A” indicates the child was absent.
- Providers will be paid for “A” days within the policies on absences.
- The provider must be open for business on days marked with an “A” and have documentation to prove they were open, e.g., staff time and attendance records.

“C” Code for Closed Provider Days:

- The “C” code indicates the provider was not open for business that day. The child care provider was closed for personal or business reasons, e.g., for outbreak of illness or vacation; the heating system broke; the center not open for snow; for storm damage.
- Providers do not get paid for days they are closed.
- Payment may be made for a day if the provider closes after learning that all enrolled children will be absent that day.

“H” Code for Paid State and Federal Holidays

- The “H” code indicates the provider was closed for an approved state and federal holiday as listed by the Department.
- Providers will be paid for state and federal holidays.
 - ✓ **Exception:** When a parent requires care on a holiday when the regular provider is closed, the provider will not be paid if the parent is able to secure a certificate at an alternate provider for that day. This parent is required to complete these arrangements prior to the holiday.

“N” code for special child schedules:

- The Certificate Program authorizes a special schedule for specific children when a parent’s activity schedule makes care unnecessary for 1 to 4 days per week on a regular basis.
- The “N” code is designed for use by providers as a placeholder instead of using “A” or blank day codes or marking “0” hours. The Department is purchasing the “slot” or entire week and not buying single days as it does with “holiday and summer only” schedules.
- The amount of child care needed is calculated from the parent’s activity using the 1-19 hours for part-time and 20 or more hours for full-time method to calculate PT/FT infant and PT/FT preschool rates & co-pay fees.
- School age children are always calculated either “School In” or “School Out”.
- Providers who will accept a special schedule child at a daily rate or reduced weekly rate will be paid at the lesser rate.
- All special “N” schedules must be clearly flagged in the child’s TCCMS “Schedule Notes” text block and documented in parent history.

Coding Errors on EAV

- Providers must use the preceding codes on their EAV forms to receive payment.
- When errors are made, a provider will be provided an opportunity to resubmit a corrected EAV.
 - ✓ The provider will suffer a delay in receiving payment, but not a denial of payment for those days coded in error.
 - ✓ A provider may have those children with incorrect codes exceptioned off the EAV form and rebill for those children later through adjustments.
 - ✓ The Certificate Program will not deny a provider payment for services delivered based on unintentional errors in EAV coding.

Late Invoice EAV Forms

- The Department will have no liability to reimburse a provider for any EAV form submitted later than forty-five (45) calendar days after the end of the billing period.
- A provider who continues to submit EAV forms after the 45-day limit following a written warning will be referred to the Provider Review Committee for action.

Underpayments

- The Department will have no liability to reimburse a provider for any underpayment error not brought to the attention of the local Certificate Program within forty-five (45) calendar days after the end of the billing period in which the error was made.
- The Department is not required to make adjustments for underpayments further back than the prior fiscal year.

CHILD TRANSFERRING PROVIDERS

Transfers When Parent Owes Back Co-Pay Fees

- When a parent owes the current provider a parent co-pay fee debt, the transfer cannot be completed.
EXCEPTION: If the provider failed to notify the Certificate Program in writing following the first two weeks of unpaid co-pay fees that the parent was not paying, the transfer may be completed.
- When the provider acknowledges the complete payment of any owed co-pay fees for the prior two weeks, the transfer may be completed.
 - ✓ Providers must be able to document the parent's payments credited towards individual charges and itemize the balance for each.

Limits on Provider Transfers

The Department will allow a parent two (2) unquestioned requests to transfer providers within a twelve month period. Any additional requests will be questioned as to the need and approved only under certain conditions to avoid unnecessary disruptions in a child's caregiver relationship.

Reasons to Approve an Additional Transfer

- The parent moved to a new residence.
- The parent changed job locations.
- The parent either
 - ✓ complains of problems with the provider and has filed an allegation of abuse or neglect with the Department of Children's Services, or
 - ✓ makes an allegation of provider licensing violations with the DHS Child Care Complaint Hotline.
- The provider or regulatory agency closes the child care provider.
- The parent makes a written statement to the Certificate Program about specific concerns for the health or safety of her child at her unregulated provider.
- The parent transfers from an unregulated to a regulated provider.
- The child ages out of the care levels provided by the current provider.
- The parent cannot afford the cost difference between the state base rate and a provider's higher general public rate.

RATE DEFINITIONS

Child care assistance for a parent is determined and reimbursed by a weekly rate assigned by a care level and the number of hours per week needed to cover the individual child need for care.

Procedures

The Certificate Program will determine the child's hours of care needed per week and assign the care in units of care:

Units of Care	Codes	Age Range	Hour Range
Infant Full-time	FT	Birth up to 11 months	20 hrs or more
Infant Part-time	PT	Birth up to 11 months	1 to 19 hours
Toddler Full-time	FT	12 –23 months	20 hrs or more
Toddler Part-time	PT	12-23 months	1 to 19 hours
Preschool Full-time	FT	Age 2 to School Age	20 hrs or more
Preschool Part-time	PT	Age 2 to School Age	1 to 19 hours
Extended (FF & DCS Only)	ET	Infant to School Age	61 hrs or more over 7 days
School In	SI	School Age	1 to 60 hours
School Out	SO	School Age	1 to 60 hours

Care Level Rates

- “School Age” rates start with the child’s attendance in kindergarten.
- A pre-school child will never have a SO/SI rate assigned except in approved situations.
- A school age child will never have a pre-school FT or PT rate assigned.

Extended Time Care Rates

A child on the Families First (FF) program or with the Department of Children’s Services may be allowed the ET (150%) rate when:

- The parent or foster parent is participating in work activities that require more than 60 hours of child care in a week; or may,
- Need full-time care from one provider and need part-time care from another provider.
- Care is authorized by the DHS Field Supervisor or DCS regional manager to receive either:
 - ✓ Extended Time (ET) unit of care for infants and preschoolers which provides up to 150% of a full time unit; or,

- ✓ One FT certificate for one provider and one PT certificate for another provider for infants and preschoolers; or,
- ✓ Additional days of paid SO rate for school-aged children in the seven-day week.
- TCC, At-Risk, and Low-Income parents are not eligible for the Extended Time (ET) unit of care.
- A FF participant who is receiving the Extended Time unit of care will have the rate reduced to one full-time unit of care when funding is transferred to TCC.

Rate Tables

- Official reimbursement rate tables are released by the Department annually for July 1 through June 30 of each state fiscal year.
- Reimbursement rates may or may not be increased based on available funding.

INCORRECT CHILD CARE PAYMENTS POLICY

Administrative Errors

Administrative errors occur when the Certificate Program authorizes incorrect payments. Examples of administrative errors include:

- Authorization of an ineligible family;
- Eligibility approval for an incorrect period of time;
- Incorrect assessment of the parent co-pay fee;
- A failure to act on a notice of change to terminate a parent's eligibility or terminate a child's enrollment when the need stopped.

Client Error

Client errors occur when an applicant for or recipient of Certificate Program benefits acts or fails to act in a manner that results in incorrect payments.

Examples of client errors include:

- Reporting incorrect data or misrepresenting facts;
- Failure to notify the Certificate Program of any changes that could affect eligibility;
- Failure to make a satisfactory repayment plan with a provider to pay any owed parent co-pay fees.
- A parent of who has an unpaid overpayment debt from a previous eligibility may not receive child care assistance services on a new TCC, At-Risk, or Low Income eligibility until a satisfactory repayment agreement has been first established.

Provider Errors

A provider may unintentionally or intentionally misrepresent its reimbursement claim. Examples of provider errors include:

- Operating in non-compliance with state child care licensing while receiving Certificate Program payments;
- Adding false or incorrect hours to a child's attendance on the EAV invoice or related secondary documentation;
- Entering false or incorrect child attendance or absences on the EAV invoice or related secondary documentation;
- Using incorrect EAV codes;
- Changing the actual location of where the provider served the child;
- Claiming for attendance on the EAV invoice prior to the child's actual start date;
- Claiming attendance on the EAV invoice after a parent terminates care.

Types of Client and Provider Error

- **Unintentional Error:** An unintentional client or provider error was when there was no evidence identified of an intention to misrepresent by the client or provider

- **Intentional Error:** An intentional client or provider error was when there was evidence of an intention to secure benefits or payments by misrepresentation by the client or provider.
- Intentional misrepresentation of records is a violation of the provider's enrollment agreement and will be reported to the Provider Review Committee (See policy "**Provider Sanction and Reinstatement**").
- All overpayments made to a provider, whether unintentional or intentional, discovered by the Certificate Program, will be recovered as outlined below.

Contract Certificate Program Errors

- Contracted Certificate Programs are also liable and responsible for any unintentional, negligent, or deliberate misrepresentation of client or provider information or failure to take an appropriate action by their agency staff which results in an overpayment to a client or provider when those individuals received or delivered services in good faith.
- Contracted Certificate Programs may be liable and responsible for full repayment of the computed overpayment outlined below.
- Contract Certificate Program errors will be immediately reported by the agency's child care director to the DHS State Office.

Determining the Period of an Overpayment or Underpayment

An overpayment or underpayment period begins effective the date when the eligibility or attendance in question started, or other change occurred through the last day of eligible attendance for the child or day in question being claimed by the provider.

Instances When an Overpayment Must be Collected

- In cases involving recipients of child care assistance or benefits, i.e., clients or providers.
- When a case was determined in a court of law to be fraud.
- In cases when the overpayment amount equals or exceeds the cost of recovery.

Methods for Collection of Overpayments

- **Providers** (order reflects priority for the method of collection)
 - ✓ **Lump Sum:** The provider may choose to repay the overpayment in one payment reduction from their next billing period or a full amount repayment by check made to the Department of Human Services and mailed to the Fiscal Services unit.
 - ✓ **Installments:** An agreement must be made with approval from DHS Fiscal Services for any installments from a set number of billing periods or full amount repayments. Installment plans should not exceed six months.
 - ✓ **Collection:** Individuals who have not responded to a repayment agreement may have recovery action taken as considered appropriate under state law.

Terminated Providers with Debts: Providers who have been terminated from the Certificate Program and leave owing an overpayment debt may not re-enroll in the program until a satisfactory repayment agreement has been established and approved by the Director of Fiscal Services.

- **Clients** (order reflects priority for method of collection)
 - ✓ **Lump Sum:** The parent may choose to repay the overpayment in one payment with a check payable to the Department of Human Services.
 - ✓ **Installments:** The parent may reach an agreement and approval from local certificate program for monthly installments.
 - ✓ **Collection:** Individuals no longer receiving child care assistance and who have not repaid an overpayment, or made a repayment agreement, may have recovery action taken as considered appropriate under State law.

Terminated Clients with Debts: Any client who has been terminated from the Child Care Certificate Program with an overpayment debt may not re-enroll in the Certificate Program until a satisfactory repayment agreement has been established.

EXCEPTION: Families First recipients

- **Contract Certificate Program Agencies**
 - ✓ **Lump Sum:** The contract Certificate Program agency will repay the overpayment in one payment from its next payment.
 - ✓ **Installments:** An agreement must be made with prior approval from DHS Fiscal Services for any installment repayment plan.

Funds Received from Clients and Providers

Any monies obtained by the local Certificate Program will be immediately secured and handled according to Department policy on cash funds.

Underpayment Refunds as Client Household income

Any underpayment amount (refund) made to a parent on the Certificate Program will be disregarded from that household's gross income when determining eligibility for all child care assistance funding sources, including parent co-pay fee assessments.